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Current HISTORY

JUNE, 1937

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By L. A. Fernsworth

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N. B. COUSINS
Literary Editor

THE WORLD IN BOOKS

Books Reviewed in This Issue

BOOK	AUTHOR	PUBLISHER	PRICE
<i>Middletown in Transition</i>	Robert S. Lynd Helen Merrell Lynd	Harcourt, Brace	\$5.00
<i>Caste and Class in a Southern Town</i>	John Dollard	Yale University Press	\$3.50
<i>Social and Cultural Dynamics</i> Vols. I, II, III.	Pitirim A. Sorokin	American Book Co. (set) (each vol.)	\$15.00 \$6.00
<i>The Miracle of England</i>	André Maurois	Harpers	\$3.75
<i>London: The Unique City</i>	Steen Eiler Rasmussen	Macmillan	\$4.00
<i>King Edward VIII: An Intimate Biography</i>	Hector Bolitho	Lippincott	\$3.00
<i>Coronation Commentary</i>	Geoffrey Dennis	Dodd, Mead	\$2.00
<i>Collectivism: A False Utopia</i>	William Henry Chamberlin	Macmillan	\$2.00
<i>We Cover the World</i>	Eugene Lyons	Harcourt, Brace	\$3.00
<i>The Soviets</i>	Albert Rhys Williams	Harcourt, Brace	\$3.00

MANY of us live in Middletown, a small city in the Midwest representing the least common denominator of contemporary American culture. We have a fairly strong sense of local pride and can recite the history of our town and its leading families for two or more generations back.

But though we think we fully know and understand Middletown, very few of us actually do. We are too closely woven into the actual fabric of the community to appraise the whole cloth. We see but do not perceive; our range of vision begins and ends with our own prejudices. Even our mirrors are concerned only with externals.

Occasionally, a visitor will come to Middletown and view us as easily and clearly as he would a plain from a mountain. He will show us not only things we have never before seen but ourselves. And that is what Robert S. Lynd and Helen Merrell Lynd have done in *Middletown in Transition*, a penetrating inquiry into an American mode of life. They have sunk a shaft clear through to the raw substance of American life and culture. And in making a laboratory of a community, they have also made a laboratory of a country. For it is America, and not Middletown alone, that is here revealed.

Middletown is a fictitious name, although the city it represents exists in fact. The authors have chosen this form of anonymity because they were concerned with the community as a specimen, not as a subject for journalist exposé. But despite the careful attempt at secrecy it is known that Middletown is in reality Muncie, a city of 50,000 population in the heart of Indiana.

The work by Dr. and Mrs. Lynd is their second sociological study of Muncie. The first, *Middletown: A Study in Contemporary American Culture* was published eight years ago and is believed to be the most important document on an American community of the pre-depression period. It is more than a decade since the first study was begun and Dr. Lynd has visited Middletown again in response to a curiosity among sociologists as to what changes, if any, took place during the years when the bottom fell out of the nation's economic flooring and breadlines were linked across the continent. But the authors have not restricted themselves to the lean years alone; their chronicle carries through to the Presidential election of last year and to the Middletown of today.

Middletown as a whole, the Lynds report, is in a state of transition. There is no question con-

cerning the process of change, but its direction is not clearly charted nor is its outlook decisive. The Lynds conclude that it is a course of "reluctant adaptation," recalling Tawney's characterization of Europe's ruling class which after the French Revolution "walked reluctantly backwards into the future, lest a worse thing should befall them."

Having voted for the New Deal in the recent Presidential elections, Middletown realizes that some compromises must be made and will not go against the tide of social reform and legislation if the national government takes a strong stand on these questions. Yet Middletown's majority for Roosevelt hardly means that the city has changed much from its traditional conservatism. The Lynds certainly would not attribute it to "radicalism" or a desire for drastic change. Middletown's "ruling class" views it as one of the occasional inevitable upsets, "one of those blind acts of nature." The working class, which is in the numerical majority, stood behind Roosevelt because it had the feeling that the government was on its side.

The depression found Middletown caring for its unemployed, an innovation which had a reluctant but philosophical acceptance. Aside from such "emergency" considerations, Middletown's cultural map is fundamentally the same as when the first study began: "A Rip Van Winkle, fallen asleep in 1925 while addressing Rotary or the Central Labor Union, could have awakened in 1935 and gone right on with his interrupted address to the same people with much the same idea. . . . The conflicts under the surface in Middletown are not so much new as more insistent, more difficult to avoid, harder to smooth over."

Middletown's culture is the type of culture to be bought by money—better homes, newer cars, winter vacations in Florida, higher education. All this, at least in spirit, remains the same and Middletown's business group is again broadcasting the news that happy days are here again. The lessons of the depressions have been bitter but have not served to develop any new ideologies of a positive nature. The business people have gone a little further in their opposition to centralizing tendencies in government, radicalism, and labor organization, and the working class has become conscious of the possibilities for good in social legislation. But there have been no "conspicuous rallying points" around which these trends could be whipped into a mobile unit.

Southerntown

It is interesting to compare Middletown with Southerntown, another test-tube community, in

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this case the subject of a somewhat similar sociological study by John Dollard in *Caste and Class in a Southern Town*, published for the Institute of Human Relations by Yale University. Like the Lynds, Dr. Dollard has examined Southerntown, piece by piece. And like the Lynds, Dr. Dollard has attempted to keep the actual name of Southerntown a secret. All we know is that it is in one of the deep Southeastern states usually found near the bottom of any list of states graded on a national scale of cultural and economic values. The state is Democratic, Protestant, agrarian, and is Dry even though it is said the people had to stagger to the polls to prove it.

Southerntown is much less a "typical" American community than Middletown. It is typical only of the average small Southern town in a rural county devoted to a staple crop and traditionalized by a black belt history and psychology. According to this definition, it is hardly typical of the South as a whole and Dr. Dollard points out that Southerntown is more likely to represent to some degree a relic of the old agrarian South and bygone plantation days.

There are about 240 Negroes to every hundred white people in the county. The colored folks live "on the other side of the tracks," where the houses are small and in poor shape. The houses on the white side of town are well-spaced apart with ample lawns and the streets are paved. Most of Southerntown's white people were born there, the foreigners representing only a small number of the total population.

This then, is Dr. Dollard's laboratory. The purpose of his study was to observe the emotional underpinnings of such a community, and to see the "social situation as a means of patterning the effects of white and Negro people, as a mold for love, hatred, jealousy, deference, submissiveness, and fear." But the research presented difficulties. Dr. Dollard was forced to conduct operations from a regular business office because of taboos in interviewing Negroes in one's home. Approximately 200 Negroes were contacted and supplied the survey with information. Intensive work in gathering life-history materials was carried on with six men and three women, all Negroes.

The results of Dr. Dollard's study will be enthusiastically greeted by those who see no justification in fact for the wanton discrimination against the Negro. He finds no evidence to support the familiar argument that the race is biologically shiftless and that the labor turnover is extraordinarily large. Nor do the facts show that the Negroes have simple minds; complex and brighter minds being reserved for the white people. An examination of incidents upon which a

number of lynchings were predicated disclose that sexual aggression often originated with the white parties of the second part, the cry of assault arising, upon public discovery of the relationship, in an attempt by the woman to save caste.

Dr. Dollard's writing and choice of illustrations, characters, and anecdotes have given a warmth and three-dimensional character to the work. He has captured the flavor, rather than just the composition, of his subject. This human quality enables *Southerntown* to commend itself to a popular audience; at least, to those of us whose horizon of interests in life are beyond arm's length.

Cultural Dynamics

The month in non-fiction has had a definite sociological flavor. In addition to the Lynds and Dr. Dollard, there is Pitirim A. Sorokin, whose *Social and Cultural Dynamics* is of historic significance. This three-volume work by the President of the International Institute of Sociology and Chairman of the Department of Sociology is without question the greatest contribution to social philosophy of the past decade, if not the twentieth century. It is a monumental structure whose importance will give it rating in the perspective of time along with the works of Hegel, Lessing, Spencer, Spengler.

This is the evaluation of three sociologists who have collaborated in an analysis of the study for CURRENT HISTORY. It is impossible, of course, to attempt a complete appraisal and summary of a work of this scope within the limitations of a single brief review. Like *The Decline of the West* or Spencer's *First Principles*, *Social and Cultural Dynamics* is a work about which other books will be written.

Professor Sorokin's work is complete in four volumes, the last of which is now in preparation. Volume I, *Fluctuation of Forms of Art*, is divided into two parts: an introduction to the general work, and fluctuations in art. Volume II, *Fluctuation of Systems of Truth, Ethics, and Law*, examines the fluctuations in science philosophy, religion, and in ethical and juridical mentality on its various planes. Volume III, *Fluctuation of Social Relationships, War, and Revolution*, deals with the relationships between culture mentality and conduct and concludes with a postscript to the first three volumes. Volume IV, when completed, will offer a summarized theory of socio-cultural change.

Social and Cultural Dynamics is not a history of the various cultures, but a sociology of its change. For the materials of his study, Dr. Sorokin has drawn from the cultural fluctuations of

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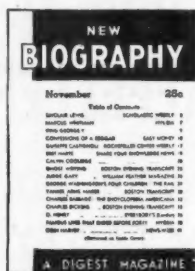
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Graeco-Roman and Western civilizations from 600 B.C. to the present. Viewed psychologically, the work represents, according to the author, "the world as seen through the window of an individual temperament and a personal life experience."

Professor Sorokin's work grew out of an attempt to find some reasonable explanation for the bewildering succession of changes in the world in the past 25 years. "If anybody had seriously predicted in 1913 a small fraction of what has actually taken place," the author says, "he would have been branded then as mad. And yet what then appeared to be absolutely impossible has indeed happened."

But in searching for the causes and reasons of this phenomena, Dr. Sorokin had to look beyond the leading principles of sociology. "Quietly, sincerely, I began to mediate, to study, and to look for the answer. . . . For a long time I was groping in darkness." But after trying and discarding different hypotheses, the central idea for *Social and Cultural Dynamics* emerged.

After preliminary tests Dr. Sorokin began the systematic elaboration of the work and the Harvard Committee for Research in Social Studies gave him a grant to continue his study. A number of scholars became interested in the project and worked on the research. The present volumes are the result.

Books and the Coronation

Great Britain's elevation to a place in the public eye, brought on by the physical fact of the Coronation and the circumstances which changed the titles as well as personnel of the Royal Family, has been the signal for a torrent of books on things English. Here is André Maurois, a Frenchman stopping his writing about Americans long enough to compose a history of the English (*The Miracle of England*). Here, too, is Steen Eiler Rasmussen, a Danish architect who is sufficiently enthused about London to write the story of that metropolis (*London: The Unique City*). And one must not overlook Hector Bolitho's *King Edward VIII: An Intimate Biography*, nor Geoffrey Dennis' candid *Coronation Commentary*.

M. Maurois thinks it a miracle that from a few barbaric tribes on an island could come the "masters of one-third of this planet." The author uses "miracle" in the sense of an incredible, surpassing wonder and he has sought to break down English history into its component parts and discover the genesis of empire; in a phrase; "to probe the secret of a destiny as fortunate and impressive as that of ancient Rome."

England's evolution has been slow and per-

sistent. Its graph shows variations, to be sure, but there has been no sharp rise or decline. Conservatism has charted England's course, and M. Maurois points out that Balfour once remarked that it was better to continue doing something absurd than to be guilty of an innovation, even though wise.

Precedent, too, has governed the English. The monarchy and Parliament are faithful to medieval tradition. In turn, the old institutions have acknowledged duly accepted changes in the powers of the government and the customs of the people. This "continuity and flexibility," M. Maurois believes, have insured a history which has seen little really important dissension or revolution in England. There have been uprisings, to be sure, and attempts at conquest have often been successfully resisted, but these were "only passing waves on a great sea."

Such instances as the loss of the American colonies served to make Great Britain a more moderate governing power. Concession and compromise have largely influenced its attitude toward the Lifelines and it is improbable that government will attempt to maintain its authority except by consent of the peoples governed.

Will the Empire, or even England itself, endure? M. Maurois will make no prediction save that as seems apparent after an analysis of her history: "On sea and land and in the air, England has great armaments; but the strength of her people springs equally from the kindly, disciplined, trusting, and tenacious character molded by a thousand years of happy fortune."

As a fount of information, M. Maurois' history of England adds little that has not already been capably supplied by John Richard Green, Pollard, and Trevelyan—native Englishmen—but his own interpretations and clear, lucid presentation are ample justification for another work on a subject that few historians have been able to resist.

"The Unique City"

Mr. Rasmussen is concerned with a miracle within a miracle: London. His thesis is developed in a manner not unlike that of M. Maurois'. The Englishman's traditional dislike of congestion, he tells us in *London: The Unique City*, first made London a city of pleasant cottages and cultivated grounds. And the strong feeling for sports and outdoor recreation gave it the parks whose natural beauty has been preserved through the years. Sport to the Englishman, the author says, is music. He finds not only joy but pride in being able to take part in the hunt or even

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London's first record in history was written when Caesar landed in England in 54 B.C. Its geographical advantages were readily appreciated by the Romans who made use of the city as a trading center with the Continent. London began to decline in importance after the fall of Rome, but came back strongly with the rise of the Saxons and by the eleventh century was a prominent European center. Famine and fire virtually destroyed the city in the middle of the seventeenth century, and it was in this period that the present architecture of London began to take shape.

Mr. Rasmussen takes his place with a group of other distinguished non-Englishmen — Henry James, H. A. Taine, Hawthorne—who have written about London with distinction. *London: A Unique City* is pleasant and timely reading.

Royal Family to Family Man

Despite the official pressure upon the English people to forget their King in Exile, it seems certain—and this is reinforced by Hector Bolitho's *King Edward VIII: An Intimate Biography*—that David Windsor will never be a "forgotten man." For Edward emerges from the pages of Mr. Bolitho's book as an intensely human character, a member of the Royal Family who was loved more as a man than as a monarch.

Mr. Bolitho is a New Zealander who, like the subject of his biography, has no taste for pomp and pageantry. His interests gave him a close affinity with the former King and he accompanied him on a number of his trips. Even while Edward was Prince, Bolitho was given facilities and material to aid him in a biographical work. After Edward's abdication, the author went over the manuscript, revised and added to the text, resisting what to other less honest journalists may have seemed a temptation to capitalize on the occasion by writing something in the best spirit of the tabloid.

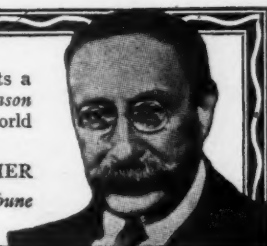
Mr. Bolitho's biography is frank yet in good taste, informative and intimate yet polite, revealing yet restrained. This does not mean that he chose his material with an eye to halos and whitewash, for Bolitho has a point of view that in many cases does not coincide with that of Edward. He did not approve of the abdication and says it did not seem possible that the King would look past his people "to embrace the smaller needs of his heart."

Nor is Bolitho sympathetic with certain of Edward's democratic tendencies. "Everybody loved him, for it was his nature to attract devotion

(Continued on page 126)

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JUNE 1937

LOG OF MAJOR CURRENTS

Labor Faces a Counter Attack

THE twenty-fifth annual convention of the Chamber of Commerce of the United States functioned in marked contrast to its more recent war councils. Notably organized business, represented by 1,500 delegates, failed to produce, from within its own ranks, even one official denunciation of the political administration. Of course there was some criticism. But, for the most part, it was limited to the President's court plan, undistributed profits tax, and similar issues already badly mangled by some of the administration's own partisans. The old battle cry of, "kick the politicians out of business" apparently had been shelved for the time being at least. Hard-headed business men to all intent and purpose accepted the fact that the government is in business to stay. They saw no particular reason for antagonizing this powerful if unwelcome colleague. Further they had pertinent reasons for cooperating with the administration. Although superficially they seemed meek, actually there were hot plans afoot. Organized business prepared to counter attack the labor front.

The leading spokesmen withheld destructive criticism of the Wagner Labor Relations Act. Magnanimously they agreed to a man that, since the no more than just rights of labor had been recognized, industry would be wise to enter into partnership with the workers.

Partnership with Labor

In fact organized business not only proposed a partnership but at present are working undercover to fix rules for house-breaking the new found partner. Most favored curb of all is the desire for setting up a board comple-

menting the Labor Relations Board, but with the power to fix minimum wages and maximum hours in industry. Such a plan has been symptomatic in the behavior of business for some time. At the Chamber of Commerce convention, Colby M. Chester, president of the National Association of Manufacturers pointed out that although workers had gained in leisure during the past twenty-five years "no intelligent business man would dare say that the workers everywhere are as well paid as they might be." Northern Industrialists aware that with labor powerfully enfranchised under the Wagner Act and capable of making its own terms are quite sure they would suffer little from Federal control of minimum wages and maximum hours. Furthermore such control would go a long way toward laying the ghost of wage competition with the South, and prevent a further migration of the textile industry.

As for labor it is still too early to ascertain whether it is favorably disposed to this proposition. Ostensibly the proposition would impair their greatest weapon; since industrial unionism's most adhesive quality has been the ability to humanize the conditions and raise the wages of those lowest in the worker's scale. Thus, it is assumed, business would, through the agency of the Federal Government, deprive labor of its greatest strength. And yet labor is in no position to come out and openly fight so logical and, when considered superficially, innocuous move as maximum hours and minimum wages. In fact Southern labor leaders admit such a move would do more for the Southern worker than labor organization could do in two or three decades. Nor should labor deceive itself about the fu-



NEA Service

A PRETTY KETTLE OF FISH

ture, if it refuses this Federal aid. Ample warning has been given of what organized business is readying up for organized labor.

Union Curbs

With the validation of the Wagner Act business has decided that since employees are granted adequate protection from their employers, it is logical that employers should be adequately protected from their employees. As a step in this direction the most objectionable features of unionism (from the employers' standpoint) are being studied, and antidotes prescribed. In substance they seemed to agree on the following: that union contracts should be filed; that union incorporation should be made mandatory; that union contributions to political funds should be prohibited; that unions should be made financially responsible for breach of contract; that mass picketing be abolished. What merit these proposals have can hardly be weighed at this time without resorting to some rather sweeping generalities. However, examining them one at a time the labor champions offer the following rebuttal. Pointing to the past contractual records of employers they deem it hardly necessary to establish the integrity of the unions. And in fact union responsibility in maintaining con-

tracts is excellent. In contrast it shames the employers for bringing up the subject in view of their own sleazy record. As for incorporation of unions, labor leaders wonder why they should be singled out since business reserves to itself the choice of operating as a corporation, partnership or proprietorship. In fact, the liabilities of a recognized union are the liabilities of each member—unlimited in contrast to the circumscribed liability of corporate bodies. Further unions are not organized for profit; unless, of course, it is insisted that increased wages and better working conditions are profit indeed.

Union Defense

Mistakenly many business heads point out a non-existent English incorporation law as a signal authority for this move. They can be assured that even a cursory examination of English labor law, as stringent as it is, will fail to uphold their belief that union incorporation is mandatory in that country. Concerning financial responsibility for breach of contract, labor leaders point out that there is nothing in the law to prevent injured parties in any contractual breach from seeking relief in the courts. They indicate, however, that the paramount reason for employer preference for the injunctive power in the courts is simply because the loss of suit exposes them to costs and further action. But mass picketing is something else; it hardly needs vindication. To force the abandonment of this weapon would be acceptable only when contingent with an iron-bound understanding on such questions as strike-breakers, labor spies and employer's bulletin boards. Finally, political contributions: on this point the employers may look to England where union contributions are hedged in and nullified by red tape requiring individual written consent from each contributor. Authority is split on the advisability of curbing political contributions: no pundit exists who can cut through the maze of argument and counter-argument. It is a question resolved only by the logic of future events.

What the Administration is going to do to help business straighten out some of these salients along the labor front is not yet known. Sad as it may seem there appears to be little likelihood that the President will abandon his progressive policy. He has pledged himself and his following to the assistance of organized labor.

Attempted Price Control

THE layman presumes that inflation has directly to do with the government printing presses vomiting billions of dollars in paper currency into the hands of the people. Only vaguely does he associate inflation with a state of rapidly rising prices. He accepts it as a temporary hardship, a hardship that will be dissipated when production more nearly reaches the level of demand. For in effect price inflation is caused when the users of available money begin to bid for goods which factories, farms and mines cannot produce fast enough. This is the situation that caused the President to speak gravely of "undue advances in prices" that endanger economic stability; and the effect of higher prices on the cost of living. Financial observers went even further to point out that should living costs outrun purchasing power a new crisis might develop, since the nation's markets would be unable to absorb basic products.

Solving the Puzzle

In view of the warnings that have come out of Washington, and, more important, in view of the powerful reactions they have caused observers are beginning to critically examine the administration's underlying economic philosophy. Try as they may they are unable to make the separate though interdependent pieces of the puzzle come out flush with the Administration's avowed design. Ostensibly the Administration has two ideas. The first is that an advance above the 1926 level is dangerous. And this checks with the President's restiveness when steel and copper rose above the 1926 level. In both instances he succeeded in modifying their rise by simply pointing them out as cardinal examples of unsound recovery. Specifically on April 2 the President complained that 17 cent copper was much too high. On April 6 the price fell to 16 cents, on April 8 to 15½ cents, and subsequently to a more respectable 14½ cents. Such an exhibition of remote control is testimony to the power of the President's voice.

However the 1926 average price level does not appear to be applicable to all commodities. For the time being, at least, some are exempt. The farmers have escaped censure despite the fact that prices have been jacked until many individual farm products are selling well above the 1926 level. To exaggerate this flaw in the

President's pattern hostile economists, after distastefully accepting labor in the commodity category, are pointing out that according to figures compiled by the National Industrial Conference Board the average hourly earnings in factories has risen to 64 cents, as compared with 57 cents in 1926. Why, they ask, doesn't the President use his critical voice on this rampant commodity price. But, of course, the comparative figures are deceptive. Even an economic tyro would discount them as basis for judgment of the President's policies; since the rate of hourly employment by day and week is not even comparable to 1926. Men are working less; and the slight increase over the 1926 hourly wage level is not compensatory to the shortened hours. To pursue the Administration's pattern capital must be taken into the category of commodities. In essence the Administration policy seems one of perpetual easy money. To effect this investors must be prevented from earning excessive profits by the simple expedient of taxation.

Boom and Control

The second idea appears to be that the Administration considers the recent price rise as a dangerous encroachment on the cost of living. Even cranks accept this view as sound.



NEA Service

BIRD SEED

However, they qualify their approval by pointing out that if the Administration persists in its warnings the situation will be aggravated rather than relieved. Who is right and who is wrong will not be known for many a long year to come. Many economists agree the President will soon learn that in a free economic society

it is impossible altogether to control prices. What will happen to prices as soon as people begin confidently to use the tremendous reserves of money now inactive in bank accounts is fairly obvious. With each passing day the chances for governmental control of the "boom" becomes increasingly slim.

Era of Ill-Feeling

REVOLT has reared its ugly head on Capitol Hill. New Deal Congressmen have broken up into small plaintive groups, and are pounding each others ears with their own personal problems. While the President was off on a fishing trip in the Gulf of Mexico the boys shook the kinks out of their tongues to demand of each the reason for their suffering. Apparently this full blown era of ill-feeling had been making up behind the President's back. Some observers believe the Court Bill is at the bottom of the revolt. Others, perhaps more amused than alarmed at the overwrought legislators, interpret the nasty atmosphere as the natural aura of vainglorious persons forced to stand in the shadow cast by the President. Bruised pride is more in evidence than shattered logic.

Critical Condition

The Seventy-fifth Congress convened in a light hearted mood. Many of them were sincerely thankful for their own presence since they had been drawn to the seat of power only in the suction of a large body passing them at great speed. A short session was anticipated. President Roosevelt was quick to disabuse them of that folly. He bluntly informed them that the country was still in a critical condition, and, furthermore the citizenry were paying the legislators to do a job. As a body Congress refused the President's vision of lurking disaster. To them it seemed only necessary to retire gracefully into the background and give national recovery its head. Then came the Court Bill. Not a detail of it was familiar to them until they were confronted by the proposed statute. For the run-of-the-mind legislator this was a classic affront. For the President it was intelligent strategy. Too often he had confided in those who were supposed to be trustworthy. Invariably a leak followed, with mangled publicity and a poor first impression. This time there was no leak, much to the dis-

gust of the Washington gossips and the opponents of the Administration. Following the Court Bill came sharp orders from the White House to "get busy." The dozing statesmen were rudely awakened. They became irritable. They wanted to know what the President thought he was doing to them. And what, the average citizen might add, did Congress expect from this session? They had ample warning of what lay ahead.

President Roosevelt made his plans perfectly clear in Madison Square Garden. One plan or all the plans is a full-time job for any Congress. To improve workers' conditions by reducing overlong hours, increasing starvation wages, ending child labor and wiping out slums and sweatshops are just a few of the President's "must" objectives. In addition are the following: end monopoly in business, support collective bargaining, stop unfair competition and abolish unfair trade practices. Definite progress toward sounder home finance, better banking, reciprocal trade agreements, cheaper electricity, and better transportation.

Unsympathetic Citizens

Better land use, reforestation, flood control, commodity marketing, improvement of farm tenants and a comprehensive crop insurance are just a few more of the New Deal aims. Where then is the logic in the legislative anger when confronted with so staggering a program? Citizen taxpayers are unsympathetic to their petty complaints and wounded feelings. Furthermore the citizen is in no mood for a Congressional sit-down strike. If the wages and hours, and working conditions are unbearable on Capitol Hill then it is news to the struggling taxpayer. As for President Roosevelt, he is doing no more than fulfill some of the promises endorsed by a large portion of the voting public in November. It is hoped that his return to Washington has done much to dissipate the bad temper.

Recovery by Conference?

RUMORS of a general conference to limit economic barriers and the rising level of armaments have been flying thick and fast. The United States has been urging it for the last six months, and Mr. Norman Davis has obviously been to Europe for something more than a sugar agreement.

In April, the rumors gained momentum. Dr. Schacht, the German Minister of Economics, visited Belgium to discuss matters of trade and a possible non-aggression pact. The meeting was important because Belgium is the one country in which German trade has flourished under free exchange conditions and might therefore provide a link between the Reich's closed economic system and the democratic signatories of the currency agreement. The proposition Dr. Schacht was said to have put up to the Belgians was that Germany would buy on credit Belgian-controlled raw materials, which would be shipped through Antwerp, bringing trade to that port; these would be paid for in German manufactures. Little of immediate significance came out of the scheme, but one important result of the meeting was the statement that Germany would not exclude Soviet Russia from a general trade settlement.

The next development was the announcement that Paul van Zeeland, the American-educated Premier of Belgium who had previously been deputed by France and Great Britain to sound out the possibilities for trade agreements, would come to the United States to receive a degree from Princeton University and to discuss commercial matters with President Roosevelt and Secretary Hull.

A couple of days later, on April 18, French Foreign Minister Delbos stated that his country would support all moves in the direction of economic peace. And on April 19, Hitler assured George Lansbury, the pacifist English labor leader, that Germany was willing to participate in an arms and trade conference. Concurrently, the conference of Danish, Finnish, Norwegian, and Swedish foreign ministers was indorsing the objectives of the Oslo conference, in which Sweden, Norway, Denmark, Finland, Belgium, the Netherlands, and Luxemburg declared themselves in favor of lower tariffs. Great Britain gave the idea of a world conference a nod on April 22, when Premier Stanley Baldwin said that his country would participate, "provided a thorough, comprehen-

sive investigation showed that such a conference would be likely to succeed and provided there had been adequate preparation." Again, on April 28, a report from Ottawa foreshadowed a trade deal linking Canada, the United States, and Great Britain; in return for concessions from the United States, the Dominions would forego some of the preferences laid down in the Ottawa agreements of 1932, in order to let American farmers and fruit-growers into the English market.

Obstacles

Behind all this flurry, however, are serious obstacles between the conference-makers and the realization of their hopes. Germany is unlikely to make the concessions necessary to enter a general agreement with the free-exchange nations unless she is satisfied on three scores: (a) that she receives a gold loan to back her domestic currency, now supported by dangerously low reserves; (b) that her foreign debt is reduced so that she can pay the interest and amortization charges out of her slim balance of international payments; and (c) that she is given access to raw materials, preferably in her own former colonies. These conditions, and especially the last, are not likely to be realized.

Then again, there is the attitude of Great



CRACK O' DOOM

Bressler

Britain. In the first place, she has made it clear that she will enter no conference dealing with disarmament until her rearmament program is well advanced and she feels that she has caught up with ground previously lost. Secondly, with the outburst of national and imperial fervor attendant upon the coronation ceremonies, she is not anxious to enter into any general economic agreement until she has made all possible arrangements with the Empire at the Imperial Conference. Thirdly, if Neville Chamberlain becomes Prime Minister, England will be more protectionist.

In conclusion, the United States has yet to declare her hand. Europeans are not likely to make tariff concessions unless they know that this country will make reasonable reductions in her own tariffs—particularly as her most-favored-nation policy will make her the automatic beneficiary of any scaling down of continental tariffs. The neutrality bill clears part of the ground; but other prospective members of a general economic conference expect the assurance of greater tariff concessions than they have received in the past from Washington.

A Non-Committal Neutrality Act

IF THE neutrality legislation enacted to replace the temporary act expiring on May 1 was a compromise measure, it was also an Administration bill; the manner in which it was passed shows that.

The Senate version of neutrality was a mandatory act, the provisions of which were to go into effect automatically upon the outbreak of war; the House conception was a discretionary bill, empowering the President to take action if, as, and when he saw fit. The problem was to reconcile the two in the final bill, and a conference committee was set up. The House Representative was Sam McReynolds, a close friend of the Administration. Members chosen from the Senate, which had been impressed by the results of the munitions inquiry and was mindful of the results of the discretionary powers granted to President Wilson, were Senators Key Pittman and Robinson, who would not be expected to go against the Administration, and Senator Borah, who had voted against the mandatory bill in the Senate; such active isolationists as Senators Nye and Vandenberg were excluded.

Not surprisingly, the committee reported in favor of the Administration's preference—discretionary powers for the President. The revised bill was not completed until Tuesday, April 27; it was then flown to President Roosevelt, then fishing in the Gulf of Mexico. As the old bill expired at midnight of Friday, April 30, Congress had just one day in which to consider and pass the new legislation. The timing was almost Machiavellian.

What, then, did the Administration apparently want so badly in the way of neutrality legislation? The new act maintains as permanent features the main provisions of the bills

of 1935 and 1936, such as the embargo on arms and ammunition and the prohibition of loans and credits applying to belligerents on the outbreak of war. New permanent features forbid American citizens to travel on belligerent vessels, American merchant ships trading with a belligerent to carry arms or ammunition, and contributions to belligerent nations or factions, save for humanitarian purposes; submarines or armed merchant vessels of foreign states may be forbidden to enter United States ports or territorial waters; and the President may enumerate additional "implements of war," although no embargo may be placed on "raw materials or any other articles or materials." The temporary provision authorizes the President to forbid American vessels to carry "certain articles or materials" other than arms and ammunitions to belligerents and to prohibit the export of articles or materials until the ownership of them has passed to some foreign government or agency; this is the well-known "cash and carry" idea.

Convenient Compromise

The compromise, in short, is this: The bill falls far short of the dreams of the isolationists. It outrightly favors the powers controlling the Atlantic—Great Britain and France—and involves the United States in the European balance of power. It is a further retreat from the conception of neutral isolation of belligerents (see also *Monroe Doctrine: 1937 Edition*), and there is no guarantee that there will not be a war-trade boom which could not be liquidated when the belligerents ran out of cash and which might eventually suck this nation into the vortex.

Against this, the United States has given up

a substantial amount of arms trade in order to keep out of war; she has revised her ideas of "neutral rights"—an unfailing source of friction in past wars. At the same time, scope is left for the development of the Hull reciprocal trade program; for European nations are not interested in developing commercial channels which will be blocked at the outbreak of hostilities.

The crucial consideration will be the way in which the President's discretionary powers will

be used; not desiring to make an immediate choice between the "trade-at-any-price" and the "peace-at-any-price" groups, the bill leaves it open to them to concentrate their pressures upon the President at a time of crisis. In the meantime, the Administration is able to issue an implicit warning to the fascist powers and to proceed with a trade program which it hopes may avert war, while not committing itself to commercial or military participation in any hostilities that may break out.

Berlin to Rome, via Vienna

THERE is intense diplomatic activity along the Rome-Berlin axis these days.

Railway companies are doing a brisk trade carrying diplomats hither and yon, and their orders for private coaches would read as follows: Chancellor Schuschnigg and Foreign Minister Guido Schmidt of Austria, and Premier Mussolini and Foreign Minister Count Ciano to Venice, April 22; Colonel General Hermann Goering to Rome, April 22; Marshal von Blomberg to Rome, end of April; Foreign Minister von Neurath of Germany to Rome, May 3; mid-May, Count Ciano to Albania and Hungary, and Premier Stoyadinovitch of Yugoslavia to Rome; late May, Finance Minister Giuseppe Volpi of Italy to Berlin, with delegation of Italian industrialists, and Foreign Minister Beck of Poland to Rome; June, Premier Mussolini to Berlin.

Chancellor Schuschnigg arrived in Venice to straighten out a relationship that had changed radically in the last six months. The visit was originally scheduled for late February, to follow immediately that of the German Foreign Minister, Constantin von Neurath, to Vienna. But the Chancellor changed his mind when Virginio Gayda of the *Giornale d'Italia*, who has come to be regarded as Mussolini's official spokesman, ran a series of articles rebuking the proposals for the restoration of Hapsburgs, which happened to be Schuschnigg's main hope for the preservation of Austrian independence. On April 15, the Austrian Chancellor countered with the spirited statement that outside influences upon the form of the Austrian state would not be tolerated and that restoration need not be regarded as the only alternative to *Anschluss*. That this suggestion, obviously intended for Mussolini's ears, referred to a possible tie-up with Czechoslovakia and the democratic nations was later con-

firmed by an article in the *Christlicher Staendestaat*, a Catholic Monarchist weekly established by some of the Chancellor's friends; it ran to the effect that Austria's only hope was a military defensive alliance with Czechoslovakia which might delay the fascist advance until the advent of assistance from France and Great Britain.

All the time, moves were taking place to isolate Czechoslovakia. Italy had tried to detach Yugoslavia from the Little Entente, and Count Ciano's visit to Albania was planned to set the seal on the alliance. And, while Schuschnigg was on his way to Venice, Colonel Beck, the Polish Foreign Minister was negotiating with Bucharest in an effort to separate Roumania from her Little Entente partners and to keep her well out of the reach of Soviet Russia; the success of this trip he was apparently to report during his forthcoming trip to Rome.

Italy, for her part, was a less effective as well as a less desirable guarantor of Austrian independence; Ethiopia was expensive, in terms of both men and money, while she was up to her ears in the Spanish adventure.

Consequently, the outcome of the Venice conversations was not unexpected. Mussolini expressed his opposition to restoration of the monarchy; he refused Italian military support to check *Anschluss*, and he insisted that Austria enter no political alliance with Czechoslovakia, pointing out to Chancellor Schuschnigg that Great Britain and France were not likely to lend armed aid in the event of a crisis. It was further stated that no solution of the Central European problem was possible without the active participation of Germany, thus implicitly admitting the Reich to an equal footing with the signatories of the Rome Protocols. In a word, Mussolini used every possible



Daily Herald, London

Baldwin: "Those are Italians—those were!"
Chamberlain: "Huh!—Amateurs!"

argument to cement Austria into position on the Rome-Berlin axis.

Rome Conversations

The second important conference held along the Rome-Berlin axis was that between Foreign Minister von Neurath and Mussolini in Rome in early May. From these conversations ensued a plan for military cooperation to offset the effects of British rearmament, for economic cooperation to make good the respective deficiencies of each country, and for cultural cooperation to bring the sentiments of the two peoples nearer together. The further objects of the meeting were to bring the other signa-

tures of the Rome Protocols—Austria and Hungary—into the bloc. Thus the fascists hope to cut off France from her eastern allies; at the same time, by virtue of the treaties which Italy has concluded with Yugoslavia and hopes to conclude with Roumania, the fascists hope for at least the passive benevolence of these two members of the Little Entente. This will mean that Hungary's demands for territorial revision will be concentrated on Czechoslovakia, upon which unfortunate nation Germany also has similar claims. Germany is to allow Austria to continue as an independent state, but is to be permitted to pursue a policy of economic penetration in the Danube Basin, in return for which Italy will seek to extend her influence in the Balkans.

Austria's Plight

Austria's position is unenviable; her present course leads inevitably to virtual absorption by Germany, and the only alternative—an alliance with Czechoslovakia—depends entirely upon the amount of support which France and England will vouchsafe. The latter two have made their intentions clear as regards Western Europe: they have accepted Belgian neutrality, but they have agreed to come to her aid should she be attacked by Germany. But what they would do—if anything—in the event of German aggression in Czechoslovakia has not been disclosed; unless they promise that help, the Rome-Berlin axis will draw the small Central European nations irresistibly towards it, as long as the two dictators, who are wise enough not to trust each other, stick together.

Deadlock in Japan

WHEN the Japanese militarists decided, at the end of March, to teach the politicians a lesson by dissolving the Diet and forcing a general election, they were guilty of a bad political blunder. It still remains doubtful, nevertheless, whether the civilian elements will be able to take advantage of the mistake.

The elections of April 30 followed a meaningless campaign. Correspondents vainly asked political, military, and business leaders what the issues were; partisans tried to inspire half-empty meeting places without success; there was little anti-Army propaganda

and less corruption; and, when the polling took place, the number of abstentions was abnormally high.

All this indifference was not because the electorate was supremely content with things as they were; the election results deny that assumption. It was simply that nobody could perceive just how the election was going to help to make matters any better. When the votes were finally counted, it was found that the Hayashi Cabinet was virtually without support in the new parliament, having suffered an overwhelming defeat which Japanese newspapers compared to that of Governor Landon

last November; the majority parties—Minseitō and Seiyūkai—accounted for more than half the seats in the Diet, while the left-wing Social Mass Party increased its representation from 18 to 37 seats.

For Premier Hayashi the election result meant a sad loss of prestige—the more humiliating because it was completely unnecessary. He will probably have to pay for it in the long run. For the present, he has decided not to resign, stating his intention of correcting the false political ideas which Japan has borrowed from abroad and of establishing “a true system of constitutional politics peculiar to Japan.” This assertion does not augur well for the politicians.

Farewell to the Parties?

In spite of the election results, the position of the political parties is no whit better than

before. They are not riding the crest of a wave of popular sentiment; the election was too apathetic to guarantee them that. They lack the leadership seriously to challenge or remove the Government. And, if they were successful in ousting the Hayashi Cabinet, they would only have to deal with another group of militarists and bureaucrats in its place.

The present indications are that they will not oppose the Government during this summer's short special session, in which the Premier is only likely to introduce a few urgent bills, in the hope that by the next regular session in February, 1938, a divinity or combination of divinities will come to their aid; it is more probable that by then they will be beyond help, thanks to “a true system of constitutional politics peculiar to Japan,” the introduction of which Premier Hayashi has threatened.

Spain: A Chapter of Horrors

NO LANGUAGE can describe the scene at Guernica, and Guernica was not a single instance, it was simply a culmination of a long line of unspeakable atrocities. It was not a military maneuver. . . . An unarmed, non-combatant city was singled out for the most revolting instance of mass massacre of modern times. It was fascist strategy. . . . This is the logic of fascism. This is the logic of the system which is founded upon force. That is not courage but cowardice, not government but brute savagery, not war but butchery.”

And this was not a perfervid loyalist partisan but an American isolationist, not a Union Square “red” but a Washington Senator, not a Senor del Vayo but Senator William E. Borah.

It is reported that Germany and Italy have decided to give General Franco one more chance before they attempt to withdraw as gracefully as possible from their savage adventure in Spain. The event which moved Senator Borah to those burning words was the rebel advance on Bilbao in a desperate effort to make the most of this final opportunity of enjoying the foreign assistance without which their cause would be lost. The drive on the Basque seaport occupied the center of the Spanish stage during the month and obscured previous rebel losses elsewhere.

From the international angle, three developments assumed prominence: the blockade of

Bilbao (see *Spain Balks the Fascists*), the suggestion of mediation, and the commencement of the non-intervention control scheme.

The action of the British Government in respecting the rebel blockade and instructing merchant vessels not to enter Bilbao was undoubtedly predicated upon the hope of a rebel victory there, which would offset the adverse



St. Louis Post-Dispatch

“GUERNICA NO LONGER EXISTS”

tide of war then engulfing them in the south. That they subsequently reversed their stand was apparently due to the outcry of public sentiment against the fascist ravages in the Basque provinces.

The suggestion of mediation of the struggle was not officially announced, but Foreign Secretary Eden saw fit to praise Winston Churchill's "day dream" of mediation to bring the war to an end. It is not cynicism to point out that the proposal was made and favorably entertained at a time when the rebels had not yet recovered from the defeat at Brihuega and appeared to be definitely losing and that when the advance in the north lent fresh hope to the insurgents, nobody thought of seriously advancing the idea, in spite of the fact that the brutality of the conflict had reached a new zenith. And it may or may not be significant that Mr. Churchill's lauded suggestion contained the proposition that, if one side rejected the scheme, the five great powers should unite to "giving their favor and support to the side which did accept the means of peace." There is only one party to the Spanish war likely to reject mediation—especially since the development of the loyalist army; as suggested before, Germany and Italy may be obliged to resort to this way out, should Franco fail in his final effort.

The Control Scheme

Much turns, therefore, upon the operation of the control scheme, described in last month's *Log*, which went into effect on April 19 after

almost interminable postponements. In debating the bill in the British House of Commons, Mr. Philip Noel-Baker, the able Labor M.P., exposed six serious loopholes, which may be summarized briefly: (1) There is no air control; German planes can and do fly across France by night, while Italian aircraft can reach Malaga and Morocco without interference. (2) The Canary islands, now in rebel hands, do not come within the purview of the scheme. (3) The control does not apply to non-European powers. (4) If an observer discovers a breach of the rules, he reports in confidence to the London Board, who then informs the government whose nationals have infringed the agreement; it is not difficult to imagine how severely the violators will be punished. (5) The idea of mixed patrols has been abandoned, and few trust the Italians and Germans merely to watch the loyalist coasts. (6) Spanish ships do not come under the scheme at all—and this is probably the most serious loophole of all: there is nothing to prevent Germans and Italians transferring vessels to the rebels for a nominal consideration, or even changing flags on their vessels, and running in supplies to their hearts' content.

That does not leave much of the non-intervention control scheme, and, as heretofore, the outcome of the struggle will be determined by the amount of prestige and the numbers of troops and arms the fascists can afford to risk in seeking the achievement of their aims in the Iberian peninsula.



Glasgow Bulletin

Herr Hitler has expressed to Mr. George Lansbury his readiness for an international conference to discuss economic cooperation.

PAYING OFF THE NEW DEAL

Conservatives and liberals at odds as

F. D. R. demands a balanced budget

By THE EDITORS

IT WOULD be little less than miraculous if the nation came out of a major war without a budgetary problem of novel proportions. And, since the President declared that his Administration regarded the depression as a national emergency of comparable proportions, which should be combated by every means at the disposal of the Government, a day of bitter reckoning is equally inevitable, now that brief glimmerings of prosperity have shown themselves.

Critics of the New Deal derive a morbid joy from pointing out that, in three successive years, the President promised a balanced budget and that, in each case, he finally showed up with a deficit of over \$3,000,000,000—the total inaccuracy of his predictions amounting to something like \$10,000,000. Therefore, they doubt the feasibility of his present intentions. The pressure of circumstances, however, will probably prove them wrong. For the budgetary situation now confronting the Administration demands revision of Federal financial policy.

In his budget message last January, the President was able to hold out hope for a "layman's balance" in the fiscal year running from July 1, 1937, to June 30, 1938; estimates for relief were excluded, but it was expected that a \$1,537,000,000 surplus realized on other accounts would cover this item. For 1937, the message anticipated a deficit in the final accounting of \$2,249,000,000.

But disappointing tax returns threw cold water upon these aspirations. After the spoils of March 15, the day for the payment of income tax, were counted up, they were found to be \$267,200,000 below the

corresponding figure for the preceding year; other revenues were \$337,000,000 short of expectations. And the President's April budget message was couched in less optimistic terms.

In debt to the extent of \$34,832,075,135, the Federal Government's accounts showed that \$6,054,340,619 had already been spent during the current fiscal year; towards the payment of this, only \$3,994,091,855 had been collected. By the end of the fiscal year, June 30, the President estimated that the total expenditures would be \$7,781,000,000; on the revenue side, he anticipated receipts of \$5,224,000,000. That is, when the books are finally balanced at the end of this fiscal year, the business of running the United States will show a twelve-month deficit of \$2,557,000,000—or \$309,000,000 more than was expected last January.

But the nub of the problem and the gloomy fact agitating both legislators and taxpayers is that the same disappointment in revenue has dispelled all the roseate hopes for the "layman's balance" in 1938 with the corollary of a resumption of paying off the national debt. For the President announced that a deficit of \$418,000,000 might be expected—and that only if Congress abided by the newly estimated expenditure of \$7,324,000,000 for 1938. Instead of January's optimism, there are nervous reactions in the government bond market and vague fears of inflation, while taxpayers, particularly in the upper brackets, are emitting perceptible squeals, and legislators are filled with dire forebodings.

It was all very simple in the nineteenth century. In the United States it was relatively devoid of complications until economic doctrines tumbled as fast as stock

prices. The problem of the national budget was solved by rules of thumb of alphabetic simplicity; a good tax was a small one, the best budget a balanced one—and the self-regulating forces of an individualistic economy were supposed to do the rest.

As governments constantly intruded further into the regulation of and competition with private business and as it became increasingly apparent that the resources of private business were inadequate to provide all citizens with a modicum of comfort, the restriction of government expenditures to such minimal items as the maintenance of law and order became a patent impossibility. But, in the United States, it was left to the Roosevelt Administration to espouse explicitly the idea that the budget was an active instrument of social control, that it should achieve a balance between the various elements in the national economy, and that it could possess a function in flattening out the deadly curves of the trade cycle.

Today, the President and his Administration face the most serious budgetary crisis since 1933. And in this dilemma it is not a question essentially of high or low taxes, but of good or bad taxes, or of balancing the budget or leaving a row of deficits, but of the desirability of the ways in which the balance is to be achieved. It is a qualitative and no longer a quantitative problem.

Further, straightening out the budgetary tangle is only a problem incidental to that of the Government's whole economic and social policy. Taxes have to be judged by the extent to which it is desirable to lop off the top-heavy incomes — earned and unearned — with the social consequences thereby entailed; by their effects upon saved funds available for investment, and by their effects upon productivity and hence the national income. Expenditures have to be seen in the light of the obligation which society sees fit to assume towards its less fortunate members, the political desirability or necessity of such measures as heavy armaments, and the economic considerations of the amount of consumer purchasing power required at a given period in

the business cycle. And deficits are not only a question of the proportion of the burden of the depression that it is reasonable to pile on the back of posterity but also a matter of the social assets—physical and intangible—that will also be passed as balancing factors.

Political Considerations

All these issues find the New Deal split and confused. The one decision made is the President's apparent determination to balance the budget; the extent of the confusion appears in the indiscriminating proposals going the rounds—not, it is said, without Presidential approval—in favor of an all-round percentage cut on all expenditures.

Several legislative proposals would seem to be in jeopardy as a result of the President's warnings to Congress. Of these the most important are: the Farm Tenancy Bill, which would provide \$50,000,000 for loans to tenant farmers; the Crop Insurance Bill, which would set up a \$100,000,000 fund for a Federal Wheat Insurance Corporation; the Wagner Housing Bill, which aims at an appropriation of \$50,000,000 and the issuance of \$1,000,000,000 in government-guaranteed securities to provide for slum clearance and low-cost housing.

But the real battle is over the size of the relief appropriations. Between July 1, 1932, and December 1, 1936, there has been appropriated for relief work and other relief projects \$11,099,675,000, of which the Emergency Relief Act of 1935 accounted for \$4,000,000,000. Since relief expenditures have been the main factor responsible for the increase in governmental expenditure, it is now rather too readily assumed that they must be the first to be cut, if the budget is to be balanced.

In this debate over the extent of relief, the Administration finds itself divided. The conservative wing of the Democratic Party favors stringent reductions in order to avoid new taxes. This group is under the influential leadership of Senators Byrnes and Robinson and Representatives Cochran,

Doughton, Warren, and Woodrum, and presumably backs Senator Byrnes' proposal for the reduction of relief expenditures to \$1,000,000. At the opposite pole are the proponents of maintaining the present expenditures on relief, among whom are many who have hitherto been prominent in framing New Deal policies. These tend to fall in behind Representative Voorhis' proposals that a relief appropriation of less than \$2,520,000,000 would be nothing less than selling out the New Deal, that the means test be relaxed, and that expenditures be met by a higher income-tax rate rather than continued government borrowing. These suggestions can count on the support of approximately one hundred liberals in the House; they are in line with the ideas of Mr. Harry Hopkins, and they may expect the support of Mayor LaGuardia's Conference of Mayors as well as of the pro-New Deal State Governors.

The President himself has proposed a figure of \$1,500,000,000 for the 1938 relief appropriations. He has, however, suggested that WPA rolls will not be cut; in that event, an expenditure of at least \$2,000,000,000 would be involved.

Here the battle stands joined. It may be pointed out, however, that the conservatives who so grimly demand economy have taken little account of its effects upon business activity. Industrial leaders who have been loudest in their denunciation of governmental extravagance have that extravagance to thank for a substantial portion of the demand for their products; reduced expenditures would inevitably incur a degree of deflation and an adverse effect upon the national income which might conceivably make the relative burden of taxes greater than before. And the liberals who cheerfully inveigh against the "economy hysteria" have yet to consider seriously the difficulty of imposing new taxes and the pressure which undoubtedly will be brought to bear upon the wage level if those taxes are put through.

For these reasons, it is relevant to glance at the tax structure and the Government's expenses with a view to possible taxes and

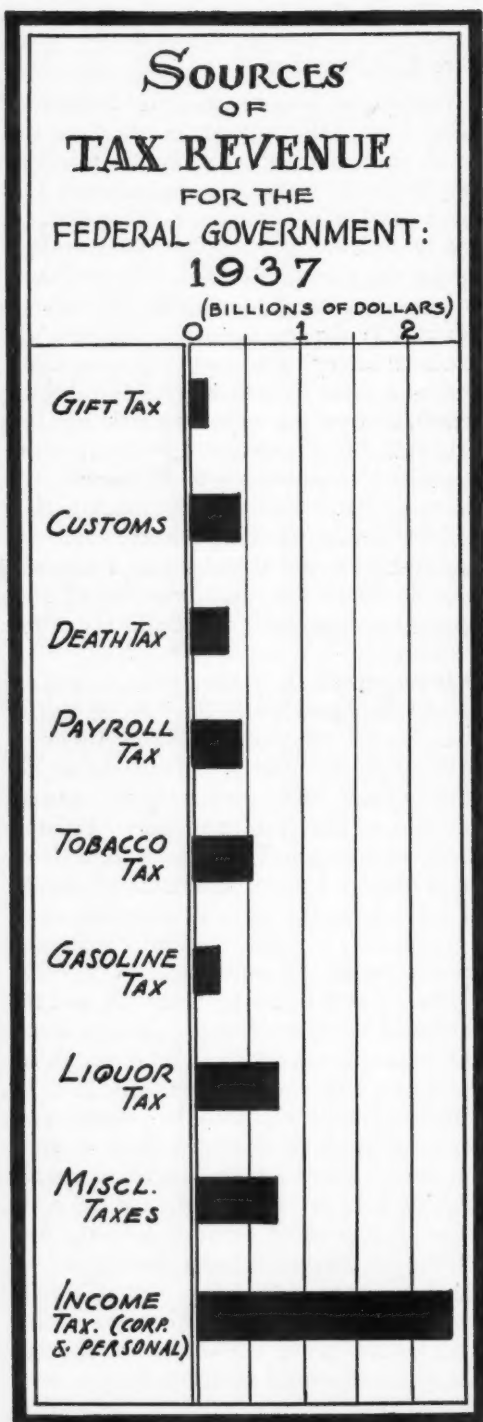
economies which might be effected without an adverse effect upon the national income.

The Tax Structure

Each man, woman, and child theoretically pays \$100 a year in taxes to the local, State, and Federal Government. And despite the fact that a few pay more and many pay less no one escapes altogether. A yearly total of \$12,500,000,000 is rolled up by the three branches of government, comprising more than one-fifth the national income. To the vast majority of citizens the tax is an annoying necessity clipping them here and there for automobile and dog licenses, and yet too remote to seriously impair their blood pressure. However, to the minority blessed with more than an average share of the nation's goods the tax is a monster devouring them. These people are familiar with the devious and forthright ways in which the three branches of government squeeze their wallets to fatten the tax kitty.

In magnitude the property tax dwarfs all levies. It is practically the sole taxing instrument of all the local units in every State. It is the most productive tax in the entire system and provides approximately one third of the total tax revenue—Federal, State, and local. To distinguish it from other taxes, it has the paramount advantage of levying on the value of property as of a given date, and not on gross income, net income, or amount produced.

Second only to the property tax, and the source of the Government's chief revenue, is the income tax which bears down on individuals and corporations. In 1936 it yielded \$1,400,000,000 to the Federal Government, or about one-third of all Federal tax revenue, the total yield being evenly divided between individuals and corporations. Beginning at 4 per cent on the first \$4,000 of the individual's net income, it reaches 79 per cent on that part of the income above \$5,000,000. Members of the high income group not only damn this tax but do their utmost to evade it. The most amazing legal stratagems are employed to make income appear as loss. And it is not

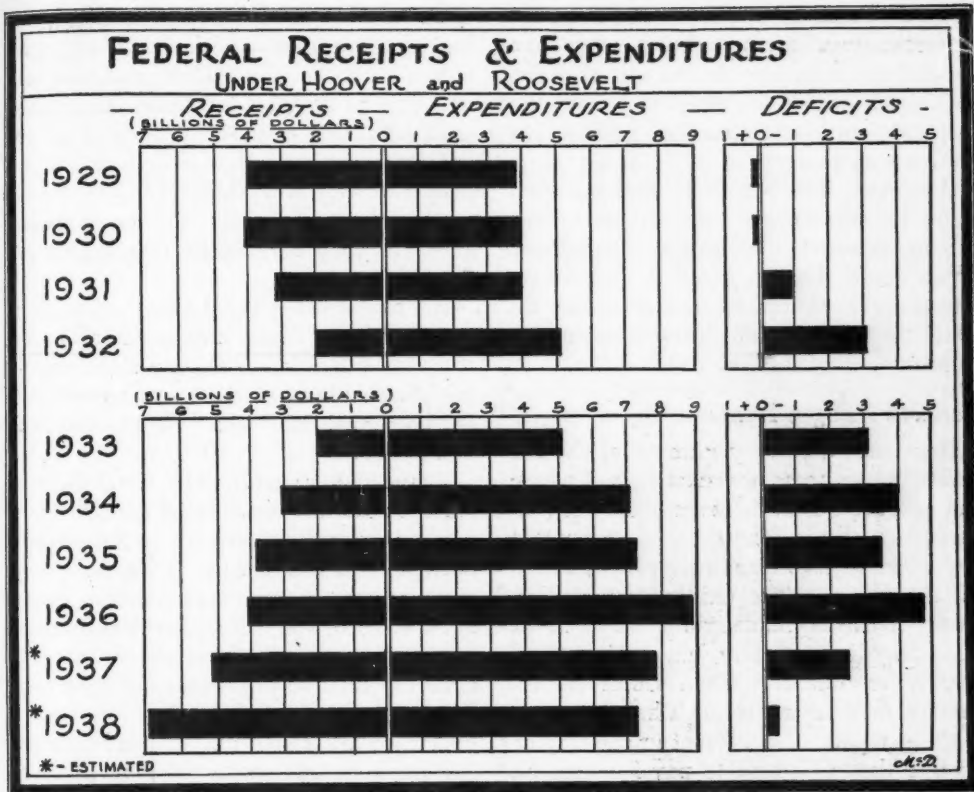


the exception when this profitable although highly dangerous trick is turned.

Many tax experts hope that in the future the income tax may be made into an even more lucrative source of income for the Federal Government. They recommend that the base of the income tax be broadened and its weight upon existing taxpayers slightly increased by lowering the exemptions. In a recent study, "Facing the Tax Problem," the Twentieth Century Fund offered as a scale of new exemptions the following levels: for a single person exemption reduced from \$1,000 to \$500; for a married couple from \$2,500 to \$1,000, and for each dependent from \$400 to \$200. It is estimated that such a cut in exemptions would raise the number of income tax returns to twelve or thirteen million including some eight or nine million taxable returns. This is a startling rise when compared with the total taxable returns averaging some 3,400,000 through the years 1934-5. It is estimated that such a broadened tax base including some eight or nine million taxable returns would, under the present rate, add additional revenues to the Federal treasury of some 200 million in a poor year to 500 million in a highly prosperous year.

Reasons adduced by many tax experts for broadening the income tax base are worthy of consideration. The consensus of opinion is that since the Federal income tax is the easiest of all taxes to adjust according to the ability to pay, it could be adjusted in such a way as to eliminate the many nuisance taxes. Such an income tax can be imposed on those most able to carry it. Unlike an indirect tax in the case of two people of equal income, the tax can be scaled to allow for difference in family status, source of income, and necessary expenditures.

Further, it is pointed out that an income tax has a salutary effect on the citizen, making him conscious of his share in the government expense, and perhaps leading to a heightened interest in the administration of his common property. In the payment of indirect and hidden taxes the citizen is



only vaguely conscious of his participation in government expense. With the income tax there is no escape. Each financially responsible citizen is presented with a bill of his own personal liability and is compelled to meet it.

Among other taxes the levies with perhaps the greatest sociological possibilities are the death and gift taxes. Concentrated economic wealth in the hands of individuals has had experience of these imposts in the past. In the main they have had an interesting influence on the dissipation of huge fortunes. The transfer of property at death has been roughly treated by the Federal Government, despite the fact that many citizens believe that residues are still too large for the witless progeny most affluent men seem to have a genius for breeding. Maximum rates of 70 per cent on that part of the estate above 50 million yield the Federal Government about 300 millions annually or about 5 per cent of the total Federal

taxes. Today, a body of public opinion strongly advocates higher rates which in practice would lead to outright confiscation.

No tax in recent years has been less understood nor created more heat than the Revenue Act of 1936 which placed a tax on the profits of a corporation undistributed to the stockholders in the year in which they are earned. Beginning at 7 per cent on that part of the undistributed net income not in excess of the first 10 per cent of the net income (adjusted) the rate rises to 27 per cent on that part of the net income in excess of 60 per cent. The imposition of this tax it was estimated would yield from increased dividends taxed in personal returns something around 500 million in a normal year.

Perhaps the greatest source of confusion concerning this tax has been the antagonism between the primary reasons given by the proponents of the tax and the alleged economic effects that have also been cited in

its favor. President Roosevelt and Treasury representatives have stated that, other than the additional revenue the tax will produce, one of its prime objectives is to put the corporate stockholder on the same income tax basis as partners or individual owners of business. This was to be accomplished either by stimulating corporations to distribute income (to avoid heavy penalties) which could then be taxed as income received by stockholders, or by taxing directly the income withheld by corporations from their stockholders.

General Budget Items

Even such a cursory glimpse of the tax edifice creates some understanding of where and how the Government secures its administrative expenses. There are no strings and few tricks of legerdemain employed to exact the tribute. The citizen pays and in return receives innumerable services of which he is normally unconscious and usually ungrateful. When Uncle Al receives a fat soldier's bonus it hardly occurs to the immediate family that in one way or another they will have to pay for such an exhibition of Federal generosity. For example in 1936 the total Federal Revenues amounted to some \$4,115,000,000. Compare this to the adjusted compensation payment to veterans totaling some \$1,670,000,000 in the same year, and then add the fixed charge of veterans administration of some \$675,000,000. Of course this terrific bite did not come immediately out of revenue. Nevertheless, it must be paid eventually and it is well to remember that in 1936 it totaled more than half the Federal income.

Relief, that lusty but unwelcome budgetary child, may or may not be a temporary burden. In 1936 it gobbled up some \$2,776,000,000. In 1937-38 it may again dip into the bag for something over \$2,000,000,000. The President estimates relief cost for the coming year at \$1,500,000,000, while his less optimistic critics set the figure at nearer \$2,500,000,000. However, even the most sanguine advocates of drastic relief curtailment followed by complete

cessation of such payments in 1939, are not sure the budget can be honestly balanced at that date. To gain such an end revenues will have to increase, or, failing that, taxes must be scaled upward. Assuming all relief ceases in 1939, they still see a normal budget of well over \$5,200,000,000. Or assuming that relief will only be curtailed gradually they see a \$6,200,000,000 budget for 1939.

No matter what the future assumption, one disquieting factor creeps into all budgetary considerations. The question now is not whether taxes will be revised upward, but how much, and where the revision will be applied.

As the matter stands, the Federal Government is providing work relief for 2,000,000 persons in public works where the greatest portion of disbursements is wages. Many of these persons are unemployables in the strict sense of the word. Local authorities have been caring for additional unemployables unable to secure sustenance from public works. Latterly, the pressure to reduce Federal work relief has dumped increasing numbers of employables upon local authorities who have had to support them with direct relief payments. The National Conference of Mayors estimates the number of indigent employables and unemployables at about 500,000, while the Relief Administration places the figure at 350,000.

Today the country is witnessing a struggle between two groups of taxpayers to see which is to bear the heavier financial burden in caring for these persons. On one side are the States and localities, the basis of whose revenue is taxation on real estate, a form of taxation having no relation to the ability to pay. On the other side is the Federal Government, the basis of whose revenue is the income tax levied directly according to ability to pay. As between the two groups the States definitely must and are accepting a larger share of the burden, and perhaps, in the future will absorb it all. Local expenditures for outdoor relief have increased from a total of 332 million dollars in 1933 to 810 million dollars in 1936.

SPAIN BALKS THE FASCISTS

Germany and Italy are "on the spot."

Will they resort to desperate measures?

By LAWRENCE A. FERNSWORTH

A PICTURE of the scholarly Dean of Canterbury, Dr. Hewlett Johnson, making wassail in a "pub" with British "limeys," would undoubtedly not be most calculated to edify staid English churchgoers, and so it must be explained at the outset that hotels in and near Spain have perfectly respectable "salons" which are half cafés where guests can have sociable times around circular tables. Here, at St. Jean de Luz on April 7, the sailormen of a British destroyer were celebrating their part in a somewhat dramatic incident of the high seas when the Dean hove in sight, having just come in from Bilbao on a French man o' war. He was taken in tow and, willy nilly, moored in their midst.

The Dean and several other English men and women had just been having some adventures of their own which began by their defying certain official personages in London who had tried to keep them from going to Spanish Republican territory. They had flown from Toulouse to Bilbao through air which was swarming with Franco's German and Italian bombers; had gone to Durango, where Franco's defenders of the faith and saviors of Spain were at that moment slaughtering men, women, and children by their air raids, smashing churches and convents, killing priests at their altars and nuns in their oratories. There they heard the official radio announcers of Franco broadcast that the Communists were guilty of dynamiting the three destroyed Durango churches, and they no doubt obtained new light on the meaning of the expression "to lie like a gentleman." Within an hour they were in Durango, saw the still-smoking bombs, and

were themselves imperiled when the raid was renewed. They repeatedly had braved shell and gunfire at Durango, had traveled along the coast road from Bilbao to Santander which rebel warcraft were intermittently shelling, and against the advice of their own Spanish Cicerones had explored "red" territory around Santander where they found, not red territory at all, but a land alive with human beings of whom the menfolk were perforce under arms; rude folk who, without perhaps being "gentlemen" like Franco, could still show every courtesy and solicitude to their quite *bourgeois* appearing visitors whose identity they did not even know.

So when the British sailormen sighted the Dean they no doubt saw in him a kindred spirit, and he must come over and hear all about their own recent adventure. A day or two earlier the British merchantman *Thorpehall*, while proceeding to Bilbao, had been halted on the high sea by shots from a rebel cruiser, but the British destroyers, *Brazen* and *Blanche*, stripped for action, came quickly to her rescue. The sailors now told how they stood by at their guns ready to fire on and sink the "bloody pirate" the moment she got nasty, and how the pirate (as rebel warcraft have officially been proclaimed by the Spanish Government), after a little hesitation, turned tail. Thus British sailormen had played their little part in vindicating His Majesty's Government's title to "Mistress of the Seas" and were feeling quite good about it.

The picture changes swiftly.

On April 12 Premier Baldwin told the House of Commons that British ships had been warned not to attempt to enter Bilbao

because of the danger from mines laid in and about the port by both parties to the conflict, and presumably also because of other dangers such as attacks by land and sea. At the same time, Baldwin insisted, no interference with British shipping would be permitted on the high seas, although he did not imagine any British trader would dare send his vessels to the proscribed zone in view of the warning. The storm aroused by this attitude of the Government of the Mistress of the Seas is now history.

At Valencia a British press correspondent sarcastically remarked that British warships ought to be wrapped up in cotton and "cellophane" and sent back to Portsmouth marked "fragile, handle with care." Other critics accused their government of reneging on its own assurances that British ships would be protected on the high seas. One of the most extreme criticisms, made by the liberal leader, Percy Harris, was that the Government was co-operating with the insurgents' supposed blockade of Bilbao—never recognized by England—"to fight against the working classes."

Between April 12 and 17 there were certain interesting developments. The British battleship *Hood* had been ordered to Bilbao waters. Two German cruisers were reported bound thither. Two German submarines were reported leaving in haste for the Spanish coast. The rebels had five of their best warships hovering about the Bay of Biscay.

This situation may throw light on the somewhat cryptic statement made to the House by Eden in that same debate when he said that the British Government was responsible for the lives of millions of persons. Had England been menaced with war over Spain? Or were one or more powers in the offing putting up a bluff which, as some critics suggested, she was again afraid to call? And did some of her subjects finally take it upon themselves to call the bluff for her? At least British ships were again entering Basque ports and nothing has apparently happened.

The Baldwin Government would not

seem to have made out a very good case in support of its virtual withdrawal of protection to its ships on certain parts of the highseas. Its acceptance of the mining of ports fares no better. An authority, in the *New Statesman and Nation* of April 17, points out that convention VIII framed at the second Hague conference of 1907 prohibits the laying of mines off the coasts and ports of the enemy with the sole object of intercepting commercial navigation. Britain accepted it with the reservation that it did not go far enough, holding that mines in territorial waters or on the high seas violated international law if likely to menace neutral shipping. This same authority mentions the case of the *Huascar*, in Peru, in 1877, famous in international law. The *Huascar*, an insurgent cruiser, boarded a British ship while it was at anchor in a Peruvian harbor, taking from it coal and its papers. The British Admiralty treated the matter as piracy, and the cruiser was engaged by a British man of war in territorial waters. Later the *Huascar* was torpedoed. This case is stated to be quoted in all standard textbooks on international law.

Are the Rebels Pirates?

Here of course there is a question of piracy, but the present situation would seem to be a parallel inasmuch as (a) the belligerency of the rebels has never been recognized, and they have therefore no rights in international law, and (b) ships flying their reputed flag have been notified to all governments by the Spanish Government, in accordance with international law and with treaties, as pirates.

There is of course room for argument as to whether the insurgents may not be *de facto* recognized as insurgents, which, while it would give them no international rights, might conceivably place a cloud on the designation of their ships as pirates. On the other hand, under international law, Great Britain or any other friendly country would be justified in affording its ships protection in territorial waters if the Spanish Government was agreeable. From

this point forward, however, the Baldwin policy would seem to be on more solid ground, such friendly aid might have serious repercussions inasmuch as Italy and Germany, in turn, might consider themselves licensed to aid the rebels in the territorial waters claimed by them, as they have already been surreptitiously doing. That would most certainly wreck the non-intervention agreement about which Great Britain is so solicitous.

The attack on Bilbao was directly related to these questions of international law. Franco and his allies, Italy and Germany, had staked much on the fall of Bilbao and with it the Santander and Asturian littoral. Their drive, which began on land, sea, and air on March 31, and which was to have put them in Bilbao in two or three days according to their best plans, was going badly. Bilbao and all that region was vital to them for its minerals, its industries, its ports, and its capture would make them the likely possessors of all the northern Spanish coast. They would then be in a strong position to claim recognition as belligerents, with all the implications of that fact.

On the eve of putting the sea control into effect at midnight of April 19 there was little to indicate that either Italy was not as interested as ever in the success of the rebel cause, and there were certain indications of Germany's continued interest as well. If then they accepted the control, if Italy had gone so far as to accept discussion of the withdrawal of her 80,000 or more "volunteers" quartered in rebel territory as an Italian establishment under Italian generals, what move were they planning? The Spanish air ministry on April 16 called attention to the continued passage of German planes toward Burgos, flying over France at night with doused lights. Were the rebels and their allies, thwarted in their land attacks, planning to shift the warfare to the air with the double intent of beating the control and crushing the Republicans, both on their fighting lines and in the civilian rearguard, by a campaign of air frightfulness of which they had already had a foretaste in the ferocious bombard-



Triangle

LINE-UP: Loyalists gave photographers considerable freedom in taking pictures of prisoners as proof to the world that Italian soldiers were fighting for Franco. Among the officers captured were Major Antonio Luciano, of Naples (left), and Lieutenant Gaetano Boruso, of Palermo.

ments of Durango, Bilbao, and other places on the Basque front? There were developments to warrant such a suspicion. Newspapers censored and controlled by the rebels likewise suggested such a course, as for instance the *A.B.C.* of Seville, which scouted the supposition that the control

plan would be baneful to the insurgent cause, stating: "Be banished such fear. Italy and Germany, the well-doing nations, will continue lending us their aid and will even intensify it. How? By mocking the control and placing at our disposal hundreds of airplanes which will take at their charge the task of converting into ruins the principal cities of the reds."

Fascist Objectives

In a previous article I examined somewhat at length the designs of Germany and Italy with respect to Spain. From the standpoint of international politics one may state succinctly: Germany's view is that a Fascist, German-intervened Spain, would immobilize at least four French army corps on the Spanish border, while Italy considers Spain the most advanced line of Italian defense. The evidence of the designs of both these countries, and of their preparations to execute them, made long before the present upheaval, accumulates. The taking of Malaga, with the presence of mobilized Italian land, sea, and air forces, has converted the southeastern coast of Spain, from Malaga to Cadiz, together with its bases and rearguard, into an Italian war zone. The taking of Malaga was scarcely a military exploit; it was an act of treachery of which no parallel in modern history comes to mind. It was treachery followed by an unbelievable butchery from the air of fleeing men, women and children, as the investigation of several correspondents on the ground, including myself, all too plainly brought to light. Malaga at this writing continues under the virtual, if not the nominal command of Italians, as does Mallorca. One document of which I hold a photostatic copy, dated in the Anno XV of fascism, begins, "First command, Division of Volunteers. God wills it," and is signed, "The Commanding General of the Division, Giangualterio Arnaldi," its full text being in Italian.

The Spanish Foreign Minister, Alvarez del Vayo, on March 12 addressed a note to the League of Nations protesting against Italy's violation of Article 10 of the pact.

Therein he demonstrated the landing at Cadiz, on February 6 and on following days, of Italian divisions together with their generals, their batteries, tanks, and other equipment, all enumerated in detail. After the Guadalajara offensive a captured Italian major, Antonio Luciano, told this writer how four Italian divisions of 40,000 were active on that front alone. The plan at that time was to take Madrid, while Italian and German warships, under pretext of watching the coast, were to attack Barcelona and Valencia. Indeed it has since been demonstrated that the bombardment of Barcelona in the first days of February was effected by an Italian man of war while German cruisers have been hovering about the southeastern coast, and have frequently been observed to be hindering the movements of Government warships and merchantmen and to be communicating with the rebel positions ashore. The Marine minister, Sr. Prieto, in his note on control issued on April 19, wherein he ordered the Republican fleet to admit no interference with Spanish merchantmen because Spain had not accepted the control, said:

The German and Italian men of war protect, when they do not themselves engage in, the transport of men and material which their governments send to be used in warfare against us; they constantly practise espionage; they keep vigilance on the Republican fleet and protect that of the rebels; from their decks they send airplanes which bombard our coast, and when they consider it safe they attack loyal ships as occurred in the case of the torpedoing of our cruiser *Miguel Cervantes* by an Italian submarine, the commander of which has just been decorated for that treacherous deed.

Italy's action in extending her first line of defense to the Spanish coast in the manner just described was in complete disregard of her "gentleman's agreement" with England announced in the first days of January. On March 8 there was signed in London a new non-intervention program, the parties to which, including Italy, undertook at once to cease the sending of "volunteers" and other war material to Spain.



Pictures

BRITAIN BACKS DOWN: After English ships were warned that they would have to enter Bilbao at their own risk, three British cargo boats and a destroyer (right) anchored off St. Jean de Luz. The boats shown above eventually ran the blockade successfully.

Nevertheless Italian "volunteers" continued to pour into Cadiz. In a previous article written before the non-intervention agreement was signed, this writer pointed out the amazement with which Spaniards regarded England's child-like faith in present day Italy's capacity for keeping a gentleman's or any other kind of agreement. As President Azaña pointed out in his speech in Valencia on January 21, foreign intervention in Spain and in Morocco was an upsetting of the equilibrium of Europe which Spain, in her key position on the Mediterranean, had maintained by keeping a traditional neutrality. It was this equilibrium, or status quo, which Italy had agreed not to upset.

There has appeared in England a translation of Marshal de Bono's book, *Anno XIII*, which, if one is to judge from English press comments, is proving somewhat of an eye-opener to Englishmen—more so, perhaps, than Italy's labyrinthine ways in the matter of Spain. De Bono reveals how he went to Abyssinia in 1932 to make a report, and from that date, in cold blood, prepared the provocation of quarrels and the invasion of Abyssinia, which Mussolini, who writes the preface to the book, had ordered to occur not later than 1936. The London *Times* said: "It reveals that the Abyssinians were found to be so anxious to avoid a quarrel that in the end the Italians had to force one on them."

The most amazing thing about the book is its revelation of Italy's naive incomprehension of how such a heartless story is capable of shocking countries whose standards of civilization, however faulty they may still be, have at least gone somewhat beyond that. This book brings to the fore the question, already in large measure answered by presently passing events, as to just how far in advance the program for the present invasion of Spain was arranged, in the style of the Abyssinian event.

It suggests something else. Should the Spanish warfare, by reason of the Government forces' resistance and of the control, and for other reasons, not go to the liking of Italy, would she hesitate to use poison gas as in the case of Abyssinia? To the present I know of only one instance of the use of gas, that being on the Madrid front some months ago. It was quickly stopped, no doubt for good reasons, some of which readily suggest themselves. But gas is known to have been shipped into Spain, and the Italian troops have gas masks and flame throwers. One wonders whether the insurgents and their foreign allies, who to the present have stopped at nothing else, would let any squeamishness about that stand in their way should they judge it to be a deciding factor.

On the side of Germany's preparation of intervention in Spain, documents seized in Barcelona after the July uprising tell an

astounding story of German espionage and of German alliance with the reactionary forces now harrying the country with war.

In the earlier months of this year there were indications of a decreased German activity and, mayhap, interest in Spain. Did that indicate her intention to withdraw inconspicuously, if not gracefully, from the Spanish enterprise? On January 30 Hitler made a speech which, as regarding Spain, seemed like a face-saving device, and which would permit him to retire or plunge in more deeply, as events counseled him. It is possible that a combination of certain circumstances induced Hitler to reflect. Germany's major policy was, and remains, a rapprochement with England, which her Spanish interference by no means helped along. Moreover, Hitler was opposed by the regular army and there were signs of unrest among the people for the double reason of a reaction against Nazism and the sending of German boys to Spain. Nor did Hitler seem too sure of the S.A. It has been suggested that a vicious press campaign intended to discredit S.A. leaders was meant as the prelude to its liquidation, possibly by violent means. These factors, and Germany's great ambition of the re-acquisition of colonies through friendship with and pressure on England, were undoubtedly governing factors in Germany's attitude touching Spain. Time only will tell how decisive they shall prove. But it remains to be noted that German airplanes and technicians continue to arrive.

The question is frequently asked: "If Germany has so many soldiers in Spain, why aren't they fighting?" For although German planes, pilots, and technicians are everywhere seen, German divisions and other units have not been encountered as in the case of the Italians. In the early days there were some German units on the Madrid front and German prisoners have been captured around Malaga, but these are only isolated cases. The answer, which is supported by the statements of some captured German officers at Valencia,

would seem to be that there is a serious division of opinion among the insurgent generals—indeed, a kind of Germany vs. Italy feud. Franco, it appears, has ceased to work in harmony with the Germans and is playing ball with Italy, having launched the disastrous Guadalajara offensive at the instance of the Italians and against the advice of the Germans. Mola, on the other hand, seems to be Germany's man. This may account for the cooperation he has been receiving from the Germans in his Basque offensive.

The Government morale and confidence, which took a decided slump after the fall of Malaga, have risen considerably, and there is a feeling that the darkest days are past. The Government under Largo Caballero is stronger and has succeeded in imposing its authority upon uncontrollable elements. The militiamen have been put under unified military command, not without some difficulties. On the military side the Government's procedure has been one of defense and counter-attack, except on the Cordova front where, in March and April, the Republican forces carried the war into the enemy country. Although the Government forces have been criticized for their lack of aggressiveness, their defensive warfare has its value from the standpoint of Spanish psychology. The failure of the insurgents to progress is having a demoralizing effect on their fighting men and rear-guard. Spaniards are fatalists, and where the ordinations of fate are considered to step in, hope steps out. There are growing signs that Spanish officers and men on the insurgent side—that is to say such of the men as are in it because of their peculiar mental slants and not because they have been forced to fight against their convictions—are beginning to fear that neither fate nor their conception of God wills their victory, all of which is having a disastrous effect on their morale. As to the unwilling drafted men, they have never had any morale and merely await their chance to slip over to the Government side when they can and as they frequently do.

AMERICA TALKS COURT

*John Q. Citizen has definite opinions
and speaks out on the judiciary issue*

By RICHARD L. NEUBERGER

HE CAME into the diner as the clattering train neared the giant Bonneville Dam on the Columbia River. The steward seated him opposite me at a table for two, and he ordered consommé, baked ham, and apple pie with cheese. While he was waiting for the soup, he pulled a rumpled newspaper from his pocket and began to read. My impromptu dining companion looked like the average, run-of-the-mill traveling salesman or business executive that one meets in any club car or Pullman between Cape Cod and Puget Sound.

After two or three minutes paced only by the click of the car wheels, he banged down his paper angrily on the window ledge. He took out his pencil and figured lightly on the tablecloth for another minute or so. "Good Lord!" he volunteered in a loud voice. "Our taxes are going up still more. This Supreme Court plan of Roosevelt's will cost a barrel of money. Six new Justices at \$20,000 a year each—that's \$120,000 right there. Then they're going to let them retire at full pay. And the same thing with all the other Federal courts. It's just another scheme to spend more money—like that infernal white elephant of a dam the conductor says we're coming to a little way down the river."

This seemed a fresh and novel viewpoint on the Supreme Court problem, and I listened for more. But the next statement came from across the aisle, where a casual train acquaintance of my companion had been listening to the conversation. He was seated at a large table with his family, and he leaned over the curly head of his little boy to interject, "Yes, and that's not all. They'll have to enlarge the Supreme Court building to make room for more judges,

and there goes another big chunk of money. I wouldn't be surprised if this is one of Roosevelt's stunts for spending more of the taxpayers' money and putting us on the brink of inflation."

The next comment came from a man sitting behind me, who also had been overhearing these opinions. Soon, several tables at our end of the diner were engaged in heated discussion of the Roosevelt judicial reform plan. I had been on a good many trains during the last weeks of the bitterly-contested Presidential campaign of 1936, but had seen little like this—when people were so stirred and interested that they put down their knives and forks to give total strangers their political opinions.

So I started doing some overhearing myself, to learn what the electorate was saying about the judiciary debate. On trains, in hotel lobbies, at public meetings, I listened to as many conversations on the Court as I could without being an outright eavesdropper. I also put questions on the Supreme Court problem to typical representatives of numerous income and cultural groups. I was not interested in the opinions of the individuals who write learned newspaper columns or deliver flowery orations on one side or the other of the question. I wanted to find the viewpoints of the great inarticulate mass of citizens who get into the public print only when they are run down by an automobile, get married, or become the parents of quintuplets. What are the American people saying about the Supreme Court controversy? Do they understand it, or are they like my ephemeral acquaintances on the train who thought the crux of the problem was the additional expense that will be incurred.



Pictures

PEOPLE AND THE COURT: A section of the crowd in the corridors of the court building waiting for the Wagner decision. "There seems to be an opinion on the President's proposal for every member of the population."

Not long ago Oswald Garrison Villard declared that the "President's Supreme Court proposal has tremendously aroused the American people and set them, from one ocean to the other, to discussing the issues involved." Mr. Villard is completely correct that the proposal has set the people to talking. They are discussing the Supreme Court in bankers' offices in New York City, and in the general store at the crossroads in Yoncalla, Oregon. Whether they are talking about the issues involved may be determined partially by considering a few randomly-noted comments:

Youthful service-station operator: "Sure, the President ought to get rid of those old fossils. I've got an uncle who's 68 and I certainly wouldn't want him running the country. We have to help him around all the time, and he's never out of the doctor's office. He lives almost all the time on broth and milk-toast. And by golly, he's younger, at that, than most of those Supreme Court judges."

Young nurse: "I didn't know whether to be for or against the President's plan until

I saw a picture in a magazine showing the Supreme Court's dining-room. All the judges had special dishes, different knives, and forks, and special salt and pepper shakers. That settled me. I've had enough experience with crotchety patients to know that people who insist on all sorts of special favors sometimes aren't up to standard. If those judges can't use regular silverware and dishes, then they're too finicky and peculiar to run the country."

Wife of successful business man: "I know the President has never seen those dignified old men in their majestic black robes. If he had, he could never propose such a terrible thing. When I was in Washington, my husband took me to see the Court in session. It was the most wonderful sight I ever saw. It inspired me. If someone could only persuade the President to see the Supreme Court judges in that marvelous new hall, I know he would change his mind about the situation."

Worker on a WPA project: "I think big business is slipping those Justices some extra money on the side. In the paper the

other day I saw a picture of one of them on his country estate. They get \$20,000 a year, and that's a lot of money—but it isn't enough to keep up a big estate. Where's the rest of it coming from? I'd like to see an investigation of the bank accounts of those judges. I bet they own a lot of stock; their Wall Street decisions show that."

Old man wearing Townsend button: "The President has no respect for the aged citizens of this country. He has made a political prisoner of their champion, Dr. Townsend, and now he claims that old people are not fit to serve on the Supreme Court. Providence will punish the President for this treatment of those who are old and gray. 'The hoary head is 'A crown of glory,'" says Proverbs, xvi, 31. Evil days will come upon America if this Supreme Court plan is passed."

Middle-aged clerk: "The Supreme Court has brought this upon itself. The Court had no business to turn loose that communist in Oregon, and it should never have given those Negro rapers from Scottsboro a new trial. I hope the President gets rid of those two Jews and doesn't appoint any more to the Court."

A farmer, bitterly irate over the alleged tie-up of farm produce by the longshoremen's strike: "I guess our last defense is gone, now that Roosevelt is going to take over the Supreme Court. The only thing for the real Americans to do is arm themselves to protect their homes. I'm teaching my boys to shoot straight and fast."

Elderly lady: "The founders of our country knew what they were doing when they provided for nine judges. If nine judges were enough for George Washington, they should be enough for President Roosevelt. I don't see why he needs fifteen."

Young man with union button: "I'll be for the bill if the President promises he won't appoint any more lawyers to the Court. The lawyers are the ones who have wrecked everything for the common people. If I had my way, no lawyer could be a judge, a Senator, or a Congressman."

And on and on . . .

Two Fallacies

Not by any means were all the people I talked with as apparently confused as those whose comments I have summarized briefly. But two popular fallacies seemed to have gained considerable credence. Many opponents of the President's plan claimed that the Supreme Court always had consisted of nine members, and that this number was specified in the Constitution. These people believed that the demand for a Constitutional amendment was merely for a Constitutional amendment embodying the President's plan. One of the most prevalent opinions that I encountered among rank and file citizens who were against the judicial reform bill was that the plan had to be put into effect by a Constitutional amendment because the Constitution specifies nine judges.

On the other side of the judicial fence, I heard the frequently-expressed sentiment that the Court was mean and spiteful to rule at all on New Deal measures. This faction of voters refused to believe that the Court passed only on laws brought before it in specific cases on appeal. They seemed to think that when the Court got in an arbitrary, anti-farmer mood, it swung its axe and decapitated the AAA, and when it felt belligerent toward labor, it did the same to the NRA. Many Roosevelt backers appeared to regard the Court as sort of a band of villains that followed neither rule nor procedure, and roamed the New Deal amphitheatre in search of stray laws to kill.

The Supreme Court controversy has inspired a large number of citizens to poetry. A few samples may be illuminating. Here are several stanzas from a contributor to the *Star* of West Allis, Wisconsin:

*To pack our highest Court with servile tools,
Would be the work of maniacs or fools.
In neither class does Franklin D. belong,
But surely in this case he must be wrong.*

*The people raise their voices far and wide
Against what they declare a backward stride.
And they are right, we surely ought to pause,
Or we'll be ruled by men instead of laws.*

This onslaught in rhyme did not go unchallenged. Within a few days another



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THE LID'S OFF

poetic treatise appeared in the same paper:

*That with capitalist tools the courts are packed,
Who decide for wealth is a well-known fact.
Yet when we ask for a change, we are de-
nounced as fools,
By the capitalist press, and their hireling tools.*

*Workers and farmers and small home-owners
I know,
The A. F. of L. and the C. I. O.
All want a change, and to prove they are right,
They are opposed by the chiseler and parasite.*

What questions are asked most frequently by the people who seem to have a general understanding of the Court controversy? At various public forums held throughout the country the issue has been debated by special speakers, after which the audiences have been urged to direct questions at either lecturer. Shorthand reporters have been at some of these forums to take down the interrogations voiced most frequently. Here are a few of them:

From Persons Against the Plan

1. Why didn't the President say something about this during the campaign?
2. Is President Roosevelt sure the judges he appoints will be for the New Deal, once they are on the Court? Wilson appointed McReynolds, and Coolidge appointed Stone.
3. If President Roosevelt could carry 46 States

for re-election, why can't he carry 36 States for a Constitutional amendment?

4. Do not the 17,000,000 people who voted against President Roosevelt have any rights?
5. Will not President Roosevelt set a precedent that may some day be followed by a dictatorial President like Huey Long?

From Persons For the Plan

1. Justice Roberts seems to have more power than the President of the United States. Who elected him to be our dictator?
2. If it is true that Jefferson and Lincoln denounced the Court, isn't it all right for President Roosevelt to do the same thing?
3. Why does the Supreme Court almost always throw out laws designed to help the little fellow?
4. There is a check on the President and a check on Congress, but what check is there on the Supreme Court?
5. Does government mean anything when the government is rendered powerless by a Court appointed for life, or kept in bewilderment wondering on which side Justice Roberts will flop?

These are typical questions from average, ordinary citizens who comprehend the basic issues at stake. The intelligent interrogations asked most frequently at the public forums have been largely along this line. Of course, there has been more than the usual run of such queries as "Isn't it true that the President is doing this so he can appoint his oldest son to the Court?" and "Didn't John L. Lewis get the President to propose his plan just to force the judges to uphold the Wagner Act?"

An astonishing fact is the great number of people who still seem to regard the problem as one of the age of the judges. Although this feature of the controversy is as forgotten as a wisp of smoke among the leading debaters of the issue, the voters themselves remember most vividly the first impression—that created when the President intimated men past 70 were inclined to be less efficient than in earlier years. Even as late as the sensational decision day in April, when the Court ruled on five cases involving the Wagner Act, I heard people solemnly arguing whether judges over 70 were physically and mentally able to continue on the bench. On the veranda of a farmhouse in the Northwest several men almost came to blows over the effect of age on vigor and alertness.

I found the human equation active in determining the point of view many people assumed toward the Court controversy. Numerous persons reduced the issue to their own personal perspective. Thus, for example, the young service-station operator was certain the President was right, because impressed on his mind were the infirmities and ailments of his 68-year-old uncle. I met another young man who was equally certain the President was wrong. This young man had a grandfather past 70 who was still keen and active, and could play golf in the nineties. The human equation was applied to the problem in other ways. A venerable and inveterate Wet approved the President's course because he had not yet put aside his wrath of many years before, when the Court sustained the constitutionality of the Webb-Kenyon liquor act.

The general objection that I heard mentioned most often by opponents of the President was that the Court is a bulwark against hastily-conceived tyrannical majorities. Among the President's adherents, the point advanced most frequently was the claim that the Court has thwarted the will of the people as expressed at the polls. But beyond these general tenets few arguments seemed to go. I found that a relatively small number of citizens appeared to understand the expressions used by both sides of the debate. For example, in his radio address attacking the President's plan Senator Glass of Virginia referred several times to the famous case of *Marbury v. Madison*. The next day I discussed the speech with a group of people. Very few of them understood that this case was important because it was the first time the Supreme Court had overruled Congress. A streetcar motorman who had heard Glass's address was certain that it had been James Madison who had handed down the decision in *Marbury v. Madison*. Among average people—clerks, truck-drivers, business men, mechanics—I met only a small number who evidenced a knowledge of such terms as "judicial review," "interstate commerce power," "appellate jurisdiction," and



United Feature Syndicate

THE DARING YOUNG MAN

"general welfare clause." Equal confusion prevailed as to the Dred Scott case. Most persons had a vague recollection of the name, having heard it mentioned in radio speeches, but relatively few knew that it had revolved around the slavery question.

The argument which seemed to be the most widely understood was Senator Norris's contention that the Court should be agreed at least seven-to-two before nullifying an act of Congress.

Opinions Everywhere

Most impressive of all was the fact that virtually everyone had an opinion on the subject. It might be a lawyer or professor who could cite dozens of cases by number, or it might be a somewhat befogged farmer in Oregon who was dead sure the President was angry at the Court because it had turned loose De Jonge, the Oregon communist—but there was no one who did not have a definite idea as to what should be done. The relatively technical details, such as judicial review and the interpretation of the general welfare clause, seemed to be generally misunderstood, but the average

person appeared to realize, at least vaguely, some of the issues at stake.

Just as many voters were possibly swayed by Roosevelt's personality or Landon's square-cut countenance, so did numerous people appear to be decided on the Court question by superficialities. Some said the Court looked so fine and dignified, and others claimed it would be a shame to upset and disgrace Chief Justice Hughes because he was such a distinguished-looking man. A few contended the Court was ashamed of what it was doing and thus decided its cases in secret, and a surprisingly large number were indignant at the Court because it had just been installed in a new \$11,000,000-building. Others were disturbed that the Justices could retire on full pay, and several Townsendites said it was unfair to give the Supreme Court pensions of \$20,000 each and other old people only an infinitesimal fraction of that amount. A number of farmers, irate over the AAA decision, favored a law compelling Supreme Court Justices to work a dirt farm three months out of every year. A truck driver contended if the judges could be forced to drive his truck a little while, they would never rule against labor again. A bald-headed man in the clothing business declared he was for the Supreme Court until it had upheld the Wagner act, and then

he would bet his merchandise against a red nickel that the Justices had been scared into acquiescence by John L. Lewis. A logger in a fancy-plaided flannel shirt suggested that Supreme Court judges be elected every two years like Congressmen, and another working man had a better idea. He favored a statute to require the President to appoint at least one bona fide farmer and one laborer among the six new Justices. Several women social workers said it was time a woman was on the Court. A Legionnaire declared he was a New Dealer, but would not approve the Court plan unless the President promised not to appoint any foreign-born citizens. A longshoreman was especially irate over the Court's secret sessions to discuss cases. If Congress met in the open, why not the Court? he demanded. An attorney favored a law making it a felony to denounce the Supreme Court, and a buxom housewife felt sure President Roosevelt would agree not to run for a third term only if his successor would promise to appoint him Chief Justice of the Supreme Court. The present plan was a forerunner of such a scheme, she said.

There seemed to be an opinion for every member of the population. The exception was the clerk in the shoe-store who answered, "I guess the President knows more about it than I do. That's why he's President and I'm not."

English View

THE U.S.A. Supreme Court has still not pronounced judgment on the Wagner Labor Relations Act. But it has upheld the Railroad Labor Act and the revised version of the Frazier-Lemke Farm Indebtedness Act, and has also reversed its previous decision about the legality of State legislation providing for a minimum wage. This looks very much as if the Court (or perhaps merely the one member of it whose change of side was decisive) is endeavouring to shield itself from President Roosevelt's reform proposals by presenting a more liberal face to the American public. The decisions are of great importance in their special fields; and if the Labor Relations Act is also upheld, the Administration will not have much to fear from the Supreme Court in the immediate future. It is not, however, likely that the Court's change of front will cause the President to modify his plans for its reform. This week the eighty-year-old Senator Carter Glass has delivered over the wireless a positively hysterical attack upon Mr. Roosevelt, accusing him of smashing the Constitution and seeking to make himself a bureaucratic dictator. But such outbursts from the aged do not cut much ice in these days. The threat to the Supreme Court may suffice to give Mr. Roosevelt some respite from its harrying. But if the threat were withdrawn, or beaten off, it seems fairly safe to predict that Mr. Justice McReynolds and his elderly colleagues would soon be back at the old game.

The New Statesman and Nation

CHINA'S UNITED FRONT

Reconciliation is pointing the way to an internal peace and an external strength

By FREDERICK V. FIELD

A GOOD many people have come to regard the Far Eastern situation as fixed along the lines of Japanese advance and Chinese retreat. Looking on the surface of events during the last six years this seems to have been the normal course. In the face of a constantly advancing Japanese position on military, political and economic fronts, China has been steadily losing ground. Under a policy of compromise accompanied by preparation for a resistance that never materialized the Nanking Government has hardly been able to affect the rate or scope of Japanese expansion one way or the other. The most effective brake on Japanese expansion in China, when it has slowed down, has been political dissension in Tokyo. Among the Chinese the most apparent signs of activity have been internal military campaigns, Chinese fighting Chinese.

Today a temporary halt to Japan's imperialist advance has been called primarily by domestic, economic, and political conditions at home, but for the first time since 1931 a real stiffening of the Chinese Government's attitude has been an undeniable accompanying factor. And it is this stiffening on the part of Nanking that reveals openly to the casual observer what has really been working out in China for the past several years.

The conception of the Far Eastern situation as fixed, as a process of Chinese retreat before Japanese advance, is, of course, completely false. When, however, one has watched the loss of Manchuria, the setting up of the autonomous and semi-autonomous régimes in North China, the Japanese penetration of Inner Mongolia and the Peiping-Tientsin area, the signing of the Tangku

and the Ho-Umetzu agreements of 1933 and 1935, the wholesale Japanese smuggling in North China, and the political activities of the invaders in Nanking and provincial capitals, it is not surprising that many have come to hold this fixed view. What they have failed to discern is the one great, dynamic force which has only just begun to break through the surface of Chinese politics, namely, the united front movement.

This is not a new movement; it dates back to the occupation of Manchuria by Japan in 1931. For several years, however, it failed to gain wide attention abroad or to be considered an important factor in the international situation because of the stern censorship and oppression under which it was operating at home. This situation is rapidly changing and the world is just beginning to view with a mixture of hope and alarm the expanding united front movement.

Our main interest in this article is to see what the united front movement in China stands for today, what it is composed of in terms of political and military force, and what chance it has of gaining dominance over the domestic political scene. To understand this a short historical account of the movement's development is needed, and this in turn must be preceded by a short note as to what the Chinese united front means.

The united front in China is not to be compared or confused with people's front movements in other countries, such as France and Spain. The united front in China is something broader. Whereas the people's front movements are coalitions of liberal groups against forces of reaction

in terms largely of domestic policies, the united front in China is a national movement seeking to embrace practically all groups from left to right within the country against the common foe of Japanese aggression. In other words, while by their very nature the people's front movements must exclude and indeed oppose the forces on the right, the Chinese movement seeks to include all factors in the Chinese situation whether radical or reactionary in terms of internal questions and to exclude only the very small minority opposed to resisting Japan or definitely pro-Japanese. In examining the growth and present position of the Chinese united front this characteristic must be kept prominently in mind.

The immediate background which called for a national united front in China was the relations of the Kuomintang and the Communist Party from 1925 to 1931. These were divided into two distinct periods. The first, from 1925 to 1927, marked the alliance of the Kuomintang and Communists in the great revolutionary effort against imperialists and their Chinese allies, the reactionary militarists, businessmen, and compradores. Though achieving lasting results, this revolutionary wave collapsed in 1927 when one of the prominent Kuomintang generals, Chiang Kai-shek, formed an alliance with Chinese bankers in Shanghai and set up a new government in Nanking which in time defeated the Kuomintang Communist government in Wuhan. This was accompanied by one of the most ruthless and wholesale campaigns of suppression of radicals that has ever taken place. The groups in the Kuomintang which had remained faithful to the old government were dissipated, and the radical elements were supposedly annihilated but actually simply forced underground.

The second period, from 1927 to 1931, marked the re-emergence of the left wing elements, principally in Fukien and Kiangsi provinces, as the Chinese Soviet movement led by the Red Armies. By the end of this period the Soviets had set up a full-fledged government which was sufficiently

powerful and controlled a sufficiently large area and number of people to be characterized by the Lytton Commission, appointed by the League of Nations to investigate the Manchurian incident, as an actual rival to Chiang Kai-shek's government in Nanking.

In 1931, with the beginning of the present phase of Japanese aggression, the whole situation within China began to change. In the face of the common danger of Japanese aggression to the whole nation, the Chinese Communist Party, immediately following the Japanese occupation of Manchuria in 1931, proposed the organization of a united effort of all Chinese people for a revolutionary war of liberation. It was this move which marked the beginning of the Chinese united front movement, although it was not for several years that observers abroad began to realize the significance of the development. The implications of the Communist proposal did not come out and in fact were not clearly formulated until some time later. In the meantime the Kuomintang, now dominated by the Nanking group, continued to put its major effort on the annihilation of the Soviet movement rather than on offering resistance to Japan. While the Japanese were pressing further and further into Chinese territory, virtually the entire manpower of the Chinese Government and the great bulk of its financial resources were directed against its internal enemies, a situation of which the Japanese were not slow to take advantage.

Communists Offer Cooperation

The Reds continued to issue appeals for a united front and to make what demonstrations they could of honest intentions. At the beginning of 1932, for instance, during the battle of Shanghai, Chinese Communists volunteered assistance to the famous Nineteenth Route Army. Later in April of the same year the Soviet Government of China issued a statement declaring war on Japan, and a year later a special detachment of the Chinese Red Army under

the command of General Fang Chih-ming was despatched northward to undertake an actual attack on the Japanese positions. With the capture and execution of Fang by Nanking troops this effort came to naught.

In January of 1933 in another public statement the Soviets made their position clearer. They declared themselves ready to enter into agreements with any army to fight the Japanese under three conditions: cessation of civil war against the Red Armies, the granting of democratic rights to the Chinese people, and the arming of the entire nation for the anti-Japanese war. This offer was repeated four months later and remains to this day the essential basis of the Communist Party's position.

The first actual agreement in accord with the united front proposals between the Communists and a Kuomintang army was made in the fall of 1933 between the Red Armies in Fukien and Kiangsi and the Nineteenth Route Army of Shanghai fame, which for political reasons had been banished to Fukien province and commanded to fight the Communists. The rank and file and leadership of the Nineteenth Route Army, fresh from their struggle against the Japanese, were in no mood to fight their own people, Communists or not, and readily supported the united front position. The alliance, which as a matter of fact did not work very smoothly because of strategic military errors, was quickly suppressed by an overwhelming force from Nanking.

Nevertheless, by this time the united front had been sufficiently dramatized and publicized to win the support of other groups in the country. In August 1934 a document entitled "The Basic Program of the Chinese People in a War Against Japan," signed by Mme. Sun Yat-sen and over three thousand prominent persons from all walks of life, was issued. It called for the arming of the whole population and mobilization of all resources of the nation for a determined struggle against Japanese invasion. It marked the rising tide of the anti-Japanese movement and



Pictures

RELICS: *Gruesome warnings against Communism were left behind by groups of "Red" raiders in the Southern Kiangsi Province of China. Recent developments, however, indicate a rapprochement with the Communists for purposes of a united front.*

proved a further stimulus to its expansion.

The most elaborate descriptions of the united front movement in China to date were a series of speeches and articles made by Wang Ming in connection with the seventh congress of the Comintern, held in Moscow in the summer of 1935. These provide important documentation for any student of the development of this movement which has now become such an important factor in the Far Eastern situation. Shortly thereafter another important declaration was made by the Communist Party of China in a manifesto making a very broad appeal to "Chinese men and women in all walks of life" to resist Japanese invasion and fight for the recovery of lost territories. This declaration also proposed the formation of a National Defense Government for the period of crisis, and a united anti-Japanese army.

Although a good deal of the literature which has become available on this developing movement is from Communist sources, it must not be thought that the initiative and stimulus came entirely from this group. On the contrary, many other groups in China, including an increasing faction of the Kuomintang and more and more of the progressive intellectuals, gave such support and took such measures in support of it as they were able to in the face of dictatorial suppression from Nanking. It had already become evident in 1935 that the political base of the Nanking Government was gradually becoming narrowed as more and more pressure was brought to bear in favor of immediate resistance to the Japanese on the part of all patriotic elements. In the latter part of that year perhaps the most dramatic of all the steps towards a united front was taken by Chinese college and university students who braved imprisonment and worse to carry out mass demonstrations in favor of united resistance to Japan.

While these developments had been taking place the anti-Communist campaigns of the Nanking government had continued unrelentlessly with the result, among others, of providing the opposition with appealing slogans against Chinese fighting Chinese. Partly as a result of the overwhelming military force of Nanking including the generous use of foreign bombers, and a well organized economic blockade of the central Soviet positions and partly because the Reds saw a golden opportunity of further dramatizing the united front movement by shifting their main strength to the north, the Soviet position in Kiangsi and Fukien was evacuated in the winter of 1934-35. At that time the famous trek of the Red Armies across the whole of southern China and northward through the length of Szechuan and across Kansu to northern Shensi was undertaken. With the entrenchment of the Soviet movement in China's northwest during the latter part of 1935 and during 1936 the present phase of the united front movement began.

It is not necessary to describe in detail

the growing strength of the united front movement during those months. It is enough to repeat that persistent pressure from virtually all except the most reactionary elements were beginning to have marked effect on Nanking's policies and were beginning seriously to worry the Japanese. It will be recalled that it was during this period that Hirota took such a firm stand against the Red "menace" and began to negotiate the alliance with Germany.

In the Northwest the new Communist areas were adjacent and indeed overlapped those controlled by the Kuomintang's Northeastern Army under the command of Marshal Chang Hsueh-liang. This army had formerly been in Manchuria and had retreated before the Japanese occupation in 1931 under orders from Nanking. It was no secret that their resentment was deep, and consequently it was no surprise to learn towards the latter part of 1936 that they had been greatly influenced by the Red Army's united front appeal. The Nineteenth Route Army, which as we have seen in 1933 had actually formed a united front with the Red Armies, had in the meantime, though partly dispersed, drifted across to Kwangsi province where they strengthened the already anti-Japanese attitude of the provincial leaders, Generals Li and Pai. In June of 1936 the provinces of Kwangtung and Kwangsi staged their rebellion against Nanking for the publicized purpose of forcing the latter to resist Japan. The Kwangtung end of it collapsed, and the province was taken over by Nanking people. But in Kwangsi the revolt continued. It was finally settled amicably, and the fact that it was so settled was the first conspicuous indication that the united front appeal for the cessation of civil warfare had taken such effect throughout the country that Nanking could no longer afford to follow its usual practice of suppression by force. This was a move of great importance in Chinese history. Throughout the country there had been such an outcry against Chinese fighting Chinese that the government could no

longer risk suppressing rebellions with its powerful armies.

The Sian Revolt

We come now to the Sian revolt of December last, during which Chiang Kai-shek was detained for two weeks by the leaders of the northeastern armies. While this was distinctly not a direct move on the part of the united front, it was nevertheless associated with it; it was a blind alley which led out from it. The Sian coup represented a struggle within the Kuomintang itself on the question of uniting all elements to resist Japan. It represented the final desperate attempt of the Northeastern Armies' leaders to gain the ear of Chiang Kai-shek after repeated attempts to accomplish the same thing by regular means had proved futile. We know now that during his detention Chiang Kai-shek listened for hours and hours to the arguments of his own subordinates in the Kuomintang who insisted on the Government's altering its policies. Marshal Chang Hsueh-liang presented the following eight proposals to Chiang Kai-shek and tried to insist on his supporting them personally and presenting them officially as his program to the forthcoming meeting of the Central Executive Committee of the Kuomintang which was to take place in Nanking: (1) reorganization of the Nanking Government and admission of all parties and cliques to shoulder the responsibility of national salvation; (2) cessation of civil warfare; (3) immediate release of the leaders of patriotic bodies arrested in Shanghai; (4) release of all political offenders through the country; (5) safeguarding the freedom of the people in holding meetings and organizing associations; (6) emancipation of the patriotic movement of the masses; (7) faithful observance of the Last Will of Dr. Sun Yat-sen; (8) immediate convocation of a National Salvation conference.

As things developed Chiang Kai-shek probably agreed to nothing formally; at least he so reported to the Kuomintang, and in passing on to them these eight points he dissociated himself from them. Neverthe-

less, there can be no doubt that he was strongly impressed with the growing strength of the opposition within his own organization. He was not further coerced and was finally safely returned to Nanking, largely it appears because three or four days after his detention in Sian Communist leaders brought great pressure to bear on the Northeastern Army generals against the move they had made. The Communists, whose first tenet was the cessation of civil warfare, saw in this Sian coup its obvious stimulation. There is strong evidence to believe that they did everything in their power to bring about a collapse of the misguided political procedure which the Northeastern Armies had adopted.

On February 15 the plenary meeting of the Central Executive Committee of the Kuomintang began at Nanking. Its members had received five days before a telegram from the Chinese Communist Party wherein the Communists again declared alterations in their own policies, some of which they had in fact been carrying out for more than a year. These were: (1) a cessation of civil warfare against Nanking armies except in defense; (2) agreeing to change the Soviet Government into the Government of the Special Region of the Republic of China, and the Red Army into the National Revolutionary Army under the direct leadership of the Central Government and the Military Affairs Commission in Nanking; (3) enforcement of a thorough democratic system of universal suffrage within the areas under the jurisdiction of the above Government of the Special Region; (4) cessation of the policy of expropriating the property of landlords. In the telegram the Communists then appealed for Kuomintang approval on the following five point program: (1) suspension of civil wars of all sorts and concentration of the national strength for united resistance to external aggression; (2) freedom of speech, assembly and organization, and release of all political prisoners; (3) convocation of a congress of all parties, military groups and organizations in order to select leaders capable of carry-

ing out the salvation of the country; (4) immediate accomplishment of the preparatory work for a war of resistance against Japan; (5) amelioration of the living conditions of the people at large.

As no comprehensive reports of the proceedings of the Kuomintang Executive Committee meeting have been made public, one cannot say precisely what disposition was made of this message from the Communist Party. It is known that the eight demands presented to Chiang Kai-shek by the leaders in Sian were flatly rejected on the grounds that because of the illegal way in which they were presented they could not be considered. It has also been reported, however, that rather similar demands were presented to the Kuomintang Executive Committee in the proper legal way by Kwangsi province and that these were accepted. As the Kwangsi demands included the united front resistance to the Japanese, the adoption of universal training for military service, the abolition of censorship over newspapers, the release of political prisoners and the calling of a national conference embracing representatives of all elements in the population to consider an outright program of war against Japan for the recovery of lost territories, their acceptance would seem to have accomplished precisely what the Sian group had urged. If this is true, and nothing has appeared to contradict it, a very great step forward was taken towards the united front program.

Future Possibilities

It will be noticed, however, that no specific mention is made of arranging an amnesty between the Kuomintang and the Communist Party, and in view of the widely accepted belief that no resistance against Japan can be undertaken until such

an amnesty is effected, it is clear that the united front is still in the process of negotiation. It has definitely not been completed.

With respect to the Communists, the Kuomintang Executive Committee made public a resolution listing four major conditions under which the Central authorities would be prepared to effect a reconciliation with the Reds. These four conditions are: first, abolition of the Red Army and its incorporation into the nation's armed forces under unified command; second, unification of government power in the hands of the Central Government and dissolution of the so-called Chinese Soviet Republic and other organizations detrimental to governmental unity; third, absolute cessation of Communist propaganda; and fourth, stoppage of the class struggle.

The interesting thing about this resolution is to compare it with the others made by the Chinese Communist Party in the telegram to the Central Executive Committee described above. It would seem that all four of the Kuomintang's conditions for negotiating with the Communists had already been met by the latter. This suggests that while the Kuomintang is not yet prepared to accept publicly the new situation, it is nevertheless by indirection leaving the way wide open for united front negotiations.

The national united front in China, though not completed, is apparently being formed. Its significance in terms of international relations is well-nigh immeasurable. It points the way to actual Chinese unity, to a frustration of Japanese imperialism in the China direction, to the democratization of China and the improved welfare of the people which would inevitably accompany it, and to the establishment of a Chinese nation able to deal with foreign countries in terms of equality.

NEW DEAL: FRENCH STYLE

*Premier Blum's first anniversary finds
the nation well along the recovery road*

By NORTON WEBB

THE extra-conservative French today find themselves in a whirlpool of economic and financial reforms striking at the roots of their centuries-old social fabric. The coalition of Leftists known as the Popular Front, elected by the largest popular majority in the annals of the French Parliamentary system and headed by that outstanding Socialist figure, Léon Blum, completes a year in office this June.

The guiding genius and vitality of France's New Deal are easily seen as emanating from the remarkable character of Premier Blum, the first Socialist in French history to hold that post. M. Blum is all of a one-man brain trust. He has a brilliant mind, seasoned political experience and unusual psychological understanding of not only the French themselves but of all European life. He is a man of letters, a deep social student. During the many years he was leader of the Socialists in Parliament, Premier Blum also edited the daily Socialist newspaper, *Le Populaire*. His equipment to be Premier of the French is both exceptional and fitting.

The Blum record is admitted by even the most conservative sections of French life to have been the most active in half a century and maybe in all French history. By all precedents M. Blum's cabinet should have already tumbled and one or two others succeeded it. But a sudden trend to stability has developed. This shift is attributed among other things to M. Blum's success in keeping all the troops of the Popular Front under the one banner and the impression made on Popular Front leaders by the New Deal in America. Premier Blum's procedure is often likened

to that of President Roosevelt; other qualified spokesmen say M. Blum also keeps a weather eye on the British way of doing things, accepting advice from them at times, especially in money matters.

But if this comparison holds in some ways, it does not in many others. The French are vastly different in character from Americans or British and their political set-up peculiarly their own. In a relatively restricted area of Europe they carry on with a system of government still highly centralized in Paris. A salient point to be kept in mind when appraising France's present changes is that the imprint of the Revolution of 1789 is still very strong on French thought.

"By an immense majority," said Premier Blum in a notable speech last September dealing with France's position in relation to democracy and world peace, "France remains attached with passionate thought to the memories and traditions of the French Revolution." These are words that speak the mind of the French masses and workers and in whose ears they always have a vibrantly fresh sound.

The most salient ideology on which these "memories and traditions" repose is probably that before the Revolution, the king, nobility and high clergy, considered it their absolute right alone to govern France. The Revolution turned the tables and affirmed that sovereignty came from the people—from below and not above. This, incidentally, is the origin of Right and Left in France and also of the class struggle now still on in the Republic and evident in the French New Deal. On the Right today are the remnants of the nobility straddling big estates, the patronal or

employers' hierarchies, high permanent government officials bolstered by strong tradition, organized capital, the *salons* (political forums of high French society)—they are the influential minority. On the Left are the working masses, small *bourgeois*, shopkeepers, small farmers, artisans, and all elements designated by the French as the "smalls" who oppose the privileges of the "big" or Right.

The Popular Front Government is thus spurred on by the Revolutionary tradition that not only political but economic power must rest with the people and not just a few industrial and financial hierarchies. The men in the Blum cabinet come from the three largest and most popular parties in France: Radical-Socialists, French Section of the Socialist Party, and French Communists. All are essentially proletarian parties and unrepresentative of the high *bourgeoisie* and propertied classes of the Right who control most of French industry and finance and who, incidentally, hastily withdrew into isolation to do some watchful waiting as soon as Premier Blum came into power. To them the present government is anathema, a Leftist, socially flavored combination whose aims are to overthrow capital by gradual, confiscatory methods.

The Blum Program

Social, economic, and financial reforms went through with such speed right after the advent of the Blum Government that the whole nation was startled. A ferment began that continues today and will go on for some time. The legislative period of the Blum cabinet was from June 1936 to January 1937. The most important laws were voted in the first two months of its office. The fast pace can be judged by the fact that some 70 laws were enacted in these two months, measures that have undoubtedly laid the foundation for a revived French economy. They included: a forty-hour working week; compulsory annual paid vacations of not less than 15 days for all workers; collective bargaining agree-

ments for labor; abolition of the Laval decrees calling for levies on salaries; pensions, etc., of civil servants, war veterans and others; nationalization of the arms industry; creation of a National Wheat Office to fix prices and enact other measures.

Other important acts affecting French economy were: inauguration of a public works program; credit insurance for commerce and industry; reorganization of the coal market; decrease of the debt load on business and farmers; reform of social insurance.

The increase in cost to the state and large enterprises resulting from this was put at 4 billion francs. The emulation of America's New Deal is seen here in that the Blum program rested largely on credit inflation and generous government spending.

A wave of sitdown strikes accompanied the initial bow of the Blum Government. These were widespread and vigorous from June to September, last year, and met with unprecedented and complete success. In this short time, French workers, supported by a sympathetic government, won for themselves long overdue betterment of their living standards. After September the French strike impulse kept in a lively simmer and abated somewhat the first of this year when compulsory arbitration became a law. Sporadic outbreaks still continue, with French workers by no means yet resigned to their present lot. The early and intense strike period last year saw the ranks of organized French labor grow mushroom fashion. The *Confédération Générale du Travail* (French Federation of Labor) saw its membership jump from less than one million to over five million, a fact that has led many to say no party can govern in France today without the support of the C. G. T. Theoretically, the French labor unions have no political affiliations, but their most influential chiefs are Socialists or Communists or at least so-called radicals.

Under the impulsion of labor's big *putsch*, the Blum government developed speed and power in legislating its program



Black Star

FRENCH POPULAR FRONT: Grouped around the statue of Beaumarchais, famous French writer who was active on behalf of the colonies in the American Revolution, these Parisians hail the elections assuring victory for the People's coalition.

through Parliament. The effect was like a big river long dammed suddenly crashing through its obstructions. The objectives were similar to that of the Roosevelt New Deal—improvement of the lot of people below, not above, or the “haves.” Parliament rushed most of the bills so fast that the criticism is made they were not properly “digested”, that the legislative shoved tasks it should have performed itself off on to the executive.

The forward surge of the French workers and masses must have been powerful, or nothing like the reform of the influential Bank of France and taking its over one-hundred-year control out of the hands of 200 oligarchic families could have been achieved. This reform was swiftly put into law on July 25, 1936. It revamped the Bank's status so all classes of French economic life would have representation on its governing body with the government

holding most of the appointee power, the balance being with stockholders.

In selecting a Finance Minister, M. Blum chose one of his closest associates in the Socialist Party, M. Vincent Auriol, a keen expert in money matters. M. Auriol found the French Treasury practically empty when he started. His bold initiative and ingenuity got right to work. He reduced the legal limit of ordinary Treasury bonds from 21 to 20 billion francs, made an agreement with the Bank of France to re-discount 14 billion francs of such bonds. The state by this regained a 10 billion franc margin for further bond issues, the other 4 billion francs going to repay a 3 billion franc loan made in London and 1 billion for lowering the bond issue limit. M. Auriol further got a fresh credit for the state from the Bank of 10 billion francs, thus allowing the Government two new credits of 10 billion francs each. On many sides the cry of inflation was raised about these operations. They are cited as examples of the trend of the Popular Front's financial methods.

The devaluation of the franc was accomplished with the same suddenness and speed, after a special Parliamentary session, called on September 25, 1936, by M. Blum. It became legal five days later. Frenchmen everywhere gasped. Anything affecting the pocketbook always produces violent jitters with them. Hope that it would better French economic conditions, however, was the basis of its acceptance by most of the country. The franc's revaluation netted a profit of some 17 billion francs for the Government, 10 billions of which went to create an Exchange Stabilization Fund similar to that in the United States and Great Britain, the remainder going into the French Treasury. With this step came the important tri-power monetary accord in which the French now put hopes for "economic disarmament" and permanent stabilization.

All sails set to the wind was again Premier Blum's order when the French Parliament met on November 5. More reforms were shoved through, including

compulsory arbitration of all labor disputes, which the French Government now claims has already accomplished much. Reform of the French fiscal system was also voted by the Chamber of Deputies and the 1937 ordinary budget passed, although with a deficit of between 3 and 5 billion francs. This problem is increased by an "extra" budget with items for national defense, civil works, pension fund, and railroad deficit. The "extra" budget's shortage was put at between 16 and 23 billions.

The financial tangle faced by the Blum cabinet was made more serious still by a shortage of nearly 1 billion francs in anticipated tax returns at the end of the year 1936. This spring has seen a break in this, however, with tax receipts now reported on the increase.

One of the biggest disturbers of France's New Deal has been the persistent rise in French prices. Wholesale and retail indexes showed an unabated climb that started some months even before the Popular Front came into power. Agitation by French workers because of this grew acute the first of this year as they saw the price rise threatening nullification of their new gains. M. Blum has in turn threatened new laws to control prices if ordinary ways fail to remedy the situation.

Faced with an empty Treasury again at the end of 1936 and stubborn non-cooperation on the part of French capital that effectively blocked success in floating home loans, Finance Minister Auriol again turned to London for funds to prevent a threatened drop in the franc which was being widely publicized at the time. The British, on January 29, 1937, advanced \$250,000,000, the French pledging their railroads as security. This eased things for the moment, but the Premier saw that a continuation of the upturn in business that had begun in October was the one, vital needful thing to restore confidence in the franc and bring back the huge sums of gold that had been filtering out of the country to the United States and England.

To do this Premier Blum launched out

towards Germany. Talk of a Franco-German economic rapprochement began to be heard. A good trade agreement between the two might mean Europe's brightest year since the war. In the middle of last January soundings with Hitler were taken, and parleys proceeded. On January 24 at Lyons, M. Blum made his famous speech offering the Germans an economic olive branch; if the Germans would take part in a general European settlement including arms limitation, France stood ready to help them economically. The Premier also reiterated his known conviction that world political peace must come largely from economic and financial improvement. Statements by both the Premier and Finance Minister Auriol showed they held the basis of this policy was economic cooperation with Germany and enlargement and solidification of the good work begun by the monetary accord between the three big world democracies—the United States, Great Britain, and their own country. A freer flow of international exchanges is, in fact, a main point in the Popular Front platform.

M. Blum's offer to Germany and the appointment of an outstanding French statesman, economic and financial expert like M. Georges Bonnet, as Ambassador at Washington, were steps in this plan.

Not receiving much response from his offer to the Germans and M. Bonnet's mission in Washington bearing no immediate fruit, primarily because of an inability to settle war debts, Premier Blum again gave his attention to the home situation. On February 4 the French Chamber by 405 to 186 voted a vast French rearmament program to cost 19 billion francs. How the money was to be raised was not stipulated and evidently something of a puzzle, as the next day M. Auriol announced that the French Treasury needed 35 billion francs. The monetary problem of the Popular Front was again acute and the Right opposition led by M. Paul Reynaud in the Chamber seized occasion to violently attack its financial policies as ruinous to France. At the same time M.

Charles Rist, France's most distinguished financial expert, said, as director of the Institute for Economic Research, that the French price rise was still serious.

Breathing Spell

It was then that Premier Blum made his first public statement about a pause or breathing spell for the nation before pushing his program further. He called for a pause in public expenditures, pause in the price rise, and consolidation of gains won so far. He specially appealed to the masses and workers not to press their demands momentarily and to work together for increased production. This swing to conservatism brought on a rain of violent criticism from the Front's extreme Left, who accused M. Blum of shelving the whole program of reforms. This was promptly denied by the Premier, who maintained that the "pause" was the only way of dealing with the dangerous rise in prices. But the serious Treasury situation must have also been in his mind, as a few days later, on March 5, he announced the official start of the breathing spell and the opening, the following week, of a big loan for national defense.

Without doubt the Blum cabinet staked the existence of the French New Deal on the success or failure of this loan. A final bid to sulking French capital was made to desist from its non-cooperative policy. To secure its participation, M. Blum announced a switch to a new, liberal financial policy. The ban on gold, in effect since the passing of the devaluation law, was lifted. Effective March 8, the free import and trade in gold in the home market would be allowed. Further, M. Blum appointed a special committee composed of the noted Charles Rist, E. Labeyrie, head of the Bank of France, and Paul Bauduin and Jacques Rueff, widely-known money experts. They were to manage the Exchange Equalization Fund, give security to business, stabilize prices, and survey the government security market. The Blum cabinet likewise stated that the budgetary deficit would be definitely tackled, govern-

ment departments were ordered to make drastic economy cuts, government spending was to cease, and the Treasury's needs reduced by 6 billion francs. With such promises every Frenchman, high or low, was expected to do his duty in the face of "this grave financial crisis." The challenge M. Blum thus threw to French capital was, "Here's your last chance."

The whole tactics of this loan, the appeal to French patriotism for national defense and demonstration that what the Right called a Left Socialistic Government could mold itself to the times and the demands of French good sense, almost compelled backing from the conservative President of the French Republic, M. Albert Lebrun, and all leading French political leaders including M. Jeanneney, President of the Senate, M. Herriot, the influential Radical, and others. On the eve of the loan's issue, President Lebrun broadcast a radio appeal to the French nation to subscribe and pleaded for a truce among Frenchmen during this year's Paris Exposition, so that visitors would not be dissuaded from coming because of class or other strife. The patriotic aspect of the loan as a necessity for national defense in face of a rearmed Europe obliged Parliament to vote its legality almost unanimously.

M. Blum's keen strategy proved accurate. The success of the loan was overwhelming. The first issue of 5 billion francs was oversubscribed in a few hours on March 12; the second issue, on March 16, of 3 billion, had the same response. The Government, it was held, could have obtained twice as much had it called for it. About 2½ billion francs of the loan was subscribed from foreign countries. The major feather in Premier Blum's hat was that he had at last ended non-cooperation by French capital by his brilliant stroke and forced it, however grudgingly, to participate in carrying on the Popular Front Government.

French recovery has been hampered because, like its prototype in America, the French New Deal in its first stages emphasized reform. This problem now seems overcome as French industrialists are now

admitting their profits instead of lamenting stagnation. Adjustment of speedy reform with quick recovery has been greatly helped by M. Blum's breathing spell and his evident intention to apply his reforms more in line with the law as difficulties decrease.

All this does not mean that Rightist French industry and finance are acquiescing lamely in the Blum program. The first months of the wave of reform and strikes were so potent that no Frenchman, however deep-dyed Tory, would have dared resist the immense popular pressure. Past months have, however, seen influential French capitalists and employers stiffening in their resistance. They are now preparing to strengthen their opposition with the help of powerful organizations such as the General Confederation of French Production and the Confederation of (High) French Employers and to combat what they see as the approaching socialization of France's whole economy.

Politically, M. Blum has so far solved many difficulties. He has survived the onslaught of the Right and extreme Left which include his Communist allies in the Popular Front. The Moscow trials helped to weaken the Communist power in France, while M. Blum's economic and foreign policies have been found acceptable to the influential Radical-Socialist Party that claims to carry on the fight for the rights of the common man initiated by the French Revolution.

As the strong upheaval of public sentiment that supported the Popular Front's first moves has largely spent itself, and most Frenchmen believe the Blum reforms have laid a sufficient base for a reshaped French structure more in keeping with the times, the test now ahead lies in the ability of the French Socialist Premier and his colleagues to consolidate the gains they have won and which they say they are now trying to do. All of M. Blum's keen ingenuity and nimble statesmanship will be needed to do this, specially to stay in power for the two years he himself has said are needed to make good the French New Deal's program.

North Europe's War Rehearsal?

Reported Russian and German military maneuvers alarm Scandinavian nations

By JOACHIM JOESTEN

STRANGE things are going on in the Highest North. If only one-tenth of the sensational reports are true, Europe's "quietest corner" today may be close to war.

Soviet Russia and Germany, a good many people contend, will never be able to go to war because they have no common frontier. History dealt this argument its first blow when Russian and German airplanes clashed over the roofs of Madrid. Another surprise may be coming—probably not too far off—in the discovery that the two Powers have chosen the *North Cape* for their next battle-field.

For the time being, both parties content themselves with training their airmen and sailors for the coming fight in the Arctic. Frequently during recent months, Russian and German warships (submarines, torpedo-boats, and destroyers) have been observed maneuvering off the North-Norwegian coast, particularly around Lofoten Islands, and near Tromsö. Concurrently the much talked-of "phantom-flyer" materialized into very real, presumably Russian, airplanes, many of which have been reported, of late, over various points of Lapland and duly chronicled by the general staffs of Norway, Sweden and Finland. (Recently, General *Erichsen*, chief of the sixth division at Harstad, Norway, emphatically confirmed the reality of continual foreign air raids over the country.) Secret radio signals intercepted by the military authorities of the three countries complete the picture of intense military activity in the High North.

If there was any doubt as to the seriousness of the situation, the German War Min-

ister and Commander-in-Chief personally took care to dissipate it. A few weeks ago, General von Blomberg performed on board the Führer's own yacht *Grille* an extensive tour of inspection along Norway's northernmost coastline. *Aftenposten*—the biggest Oslo daily—which related the event at length in its issue of October 16, made no bones about the true significance of that strange excursion. In visiting, as he did, such remote places as Tromsö, Hammerfest, and the isle of Masöy (at a few miles' distance from the Cape) Hitler's field-marshal could have had in view but one thing: to seek potential bases for German naval and air operation in the Arctic Ocean.

The German Press, daily inspired by official instructions, has been unusually zealous these last months and weeks denouncing alleged Soviet plots against Scandinavia. Moscow, we are being told in full earnest, is burning to invade Northern Europe. In the hopeless attempt to accredit that story outside Germany, *Völkischer Beobachter*, *Berliner Börsenzeitung*, *Lokal-Anzeiger* and other Nazi dailies have combined their resonant attacks with the more subtle demonstrations of the scientific mind in *Zeitschrift für Geopolitik*, *Osteuropa* and other distinguished reviews. In a sensational article denouncing the "black clouds over Northern Europe," Herr Goebbels' own paper directly summoned the four Nordic governments to pay proper heed to the "red lightning" over their heads. Three hundred Russian airplanes, *Der Angriff* yelled in despair, were stationed along the Carelian frontier, ready to swarm, at a moment's notice, into peaceful Scandinavia which, as General Haushofer recently put

it in the Nazi review, *Volk und Reich*, "positively calls for the thief by its sonorous snoring."

In contrast with the more reserved attitude of the Norwegian Press many Finnish and not a few Swedish dailies, headed by the two Stockholm evening papers *Nya Daligt Allehanda* and *Aftonbladet* joined with fervor in this Soviet scare campaign directed by Berlin. Although only a very slight portion of the Scandinavian public actually yields to such blatant propaganda, this state of affairs is of deep concern to thinking people in the North. Sweden in particular remembers with a shudder how exactly the same sort of vicious Russophobia propaganda inspired by Germany brought her, on the eve of the World War, within an inch of armed Russian intervention. Germany's present policy obviously tends to attain now what in 1914, thanks to the prudence of the Swedish government, had failed: to work up, by means of a vast campaign of deliberately false news, such mutual distrust between Moscow and Stockholm as would bring the latter, at the hour of crisis, into line with Berlin. There is probably no more chance now than 22 years ago that the Swedish government would allow itself to be maneuvered into a war against Russia, but the situation is fraught with risks. The Swedish military, in particular, have a marked pro-German bent and their influence upon the country's management was considerably increased by the recent rearmament vote of the *Riksdag*. An incident, skilfully arranged to rouse public opinion might, in Sweden as anywhere else, prove sufficient to overcome the country's sincere desire for peace and neutrality.

"Phantom-Flyers"

If Moscow's supposed schemes against Scandinavia are a myth, her war readiness in the Arctic is not. The "phantom-flyers" are good Russian airplanes and they mean business as much as General von Blomberg did. The leading Oslo paper *Tidens Tegn* very adequately described the situation when it wrote that "these Russian air raids

into North-Norway are not in the first line aimed at our country. They are primarily exercises intended to hit enemy warships off Norway's coast."

But why, one might ask, should Germany and Russia think of waging war in this god-forsaken area? There is not only one, but two imperative reasons, each of which would suffice alone to account for a serious struggle. First, there is the problem of Soviet Russia's sea communications in the West. Montreux did away with the unlimited freedom of the Dardanelles making thereby the Black Sea a problematic asset in times of war. Nor is Russia sure to retain her liberty of movement in the Baltic.

For a long time, and particularly since 1935, Germany has been intriguing for the refortification of the Aland Isles (at the entrance of the Gulf of Bothnia), which are demilitarized under the International Convention of 1922. A first step in this direction has already been taken by the Finnish authorities, for it is an open secret that the newly-built airdrome at Mariehamn, head town of the archipelago, serves primarily strategic, not commercial purposes. German capital and German engineers played a leading role in this construction. With Aland refortified and a sympathetic government at Helsinki—not a very unlikely assumption—it would be an easy matter for Hitler's Navy and Aircraft to bottle up the Red Fleet in the Gulf of Finland. But even if this well-prepared scheme should fail, Germany would still retain control of the Belts and the Sound. Her means of pressure on Denmark are such that in the event of war no Russian ship could hope any longer to be allowed free passage through these waterways. Already Germany's ships and airplanes are maneuvering in the Danish waters and air in a way that leaves no room for doubt about her real intentions. To note just one example: Recently, a whole squadron of ten German planes flew quietly into South-Jutland, up to the Little Belt Bridge and back to Germany via Fünen. According to Danish military experts, the meaning of this amazing air-raid performed in flagrant violation

of Denmark's rights, was to escort an imaginary German fleet advancing through the Little Belt. The incident gives a good idea of what would become of Denmark's neutrality in the event of war.

Russia no longer counts upon either the Black Sea or the Baltic as secure assets in a coming war. For several years her eyes have been turned towards the Arctic Ocean. Here too, on the peninsula of Kola, are located the only two ports of the gigantic empire which remain open all the year round: Alexandrovsk (Poljarnoe) and Murmansk. A center of the greatest commercial and strategic importance has grown during the last decade or so out of what had been in Czarist times a bunch of half-forgotten, ill-conditioned villages.

Murmansk, still in 1925 a small town of two and one-half thousand inhabitants, is now an industrious city of one hundred thousand population, connected with Leningrad by a double-track railway which is said to be one of the best in the Soviet Union. Twenty-five torpedo-boats and 15 submarines, in addition to important air forces, are permanently stationed in port Alexandrovsk.

The full importance of these Arctic strongholds, which the Soviets have done their utmost to develop and fortify, became evident after the completion of the "Stalin canal" in 1933. Already the Soviet Admiralty is in a position to move minor warships (submarines, torpedo-boats etc.) from their Baltic bases to the Arctic and vice-versa, without leaving Russian territory. Once the reconstruction of the "Maria Canal" (between Lake Onega and the Neva) is finished, it will be possible to shift even cruisers through the vast system of canals, lakes, and rivers extending from Leningrad to the White Sea.

To make the blockade of Soviet Russia complete on the Western front Germany would be compelled, therefore, to send a fleet up to the High North with a view to intercepting the Arctic communication between Russia and the Occident somewhere near the North-Cape, and possibly to attack the naval and air bases on the Murman

coast. The chances of success in such an enterprise would certainly be exceedingly small, unless the German fleet were able to operate from bases on the coast of North-Norway. That Berlin is attentive to the problem and makes preparations in good time is a fact strikingly illustrated by the voyage of General von Blomberg.

Germany and Ore

There is, on the other hand, the question of Germany's supply of Swedish iron-ore. This is, perhaps, the most vital point of Hitler's present war readiness and it deserves therefore special attention. In 1935, Germany imported 14 million tons of iron-ore (against 8.2 million in 1934), while the output of her own soil amounted to only 5 million tons. By far the most important suppliers of iron-ore to the Reich are France with 5.8 million tons in 1935 and Sweden with 5.5 million tons in the same year.

Quantitatively, then, the Swedish shipments to Germany have been slightly inferior, last year, to the amount of French iron-ore exported to that country. In value, however, the relation is quite different. In point of fact, the bulk of the ore which Germany receives from France is represented by the low-grade Lorraine "minette" (33 per cent of iron), while Sweden ships to the Reich the choice of her mineral wealth: the high-grade ore from the Lapland mines (60 to 70 percent of iron). Accordingly, the German cast and steel production was dependent, in 1935, upon Sweden for about 54 per cent of its import needs and for little more than 25 per cent on France.

But that is not all. While the French "minette" primarily feeds the more inoffensive Saar industry, the big munitions factories of the Rhine-and-Ruhr basin use almost exclusively Swedish iron-ore. The dependence of Germany's armaments industry upon the supplies from Sweden is still enhanced by the fact that any large scale shift from the highly phosphorous Lapland ore now in use there to other minerals

would necessitate very expensive changes in the existing plants, which Germany hardly could afford now.

Germany's imports of Swedish iron-ore have showed a marked increase. Until November 30, 1936, the Grängesberg shipping company (which handles 80 to 90 per cent of the total iron-ore exports from Sweden) had shipped 8,761,000 tons against 5,602,000 in 1935 for the same period. For the whole year of 1932, before Hitler started the world armaments boom, the Grängesberg shipments had totalled no more than two million tons! Roughly nine-tenths of the Grängesberg shippings are designed for the German industry.

The chief mining centers in Lapland, Kiruna and Gällivare (Malmberget) are both located near the Northern frontier of Sweden. They are therefore within easy reach of the Soviet air bases lining the Carelia frontier to Finland. Likewise, the chief export harbor for this ore, Narvik in Norway (one of the places visited by General von Blomberg), could easily be blockaded by the Red Fleet stationed at Murmansk and Alexandrovsk. Nor is the second export center for the Lapland ore, Port Lulea on the Gulf of Bothnia quite secure against possible Soviet attacks.

Considering these factors, in the event of war, both Germany and Russia

will be in a position to strike a fatal blow at each other in the Arctic; the first by throttling the last free waterway of the U.S.S.R. on the Western front; the latter by cutting off the German war industry from its essential source of supplies. Success will probably lie with the Power that strikes first and is prepared to trespass most unscrupulously on the rights of the small neutral countries involved. Which one that will be only the future can decide.

That the Russian "phantom-flyers" over Lapland are training for a possible destructive attack on the Swedish iron-ore mines, and that the Soviet and German ships operating off Narvik and Tromsö really are rehearsing for the future blockade and disengagement of the ore traffic to Germany is as sure as the military significance of von Blomberg's trip to the North. That is, at any rate, the prevalent opinion in Scandinavia, though the whole matter is not, of course, discussed in public and the utmost reserve is still maintained in official circles.

After all, "Der Angriff" was pretty right when it denounced the black clouds over Northern Europe; but it remains to be seen whether the lightning that obviously is going to strike Finland, Sweden, and Norway will be "red" or "brown," or—probably—both colors.

Einstein on Spanish Issue

IN reply to a correspondent who asked his view of the British and French attitude towards the Spanish rebellion, Professor Einstein states his opinion as follows:—

If France has not fulfilled her duty toward the Spanish Government, this is more or less excusable on account of the grave conflicts within her own borders and of the necessity, because of her difficult diplomatic and military situation, of having regard to Great Britain.

But as regards Britain's pro-rebel attitude, I can only explain it on the assumption that her freedom-loving elements have seriously declined in energy and influence. For everybody knows that if democracy succumbs in Spain it will be in great danger in France. The smaller democracies, too, would be unlikely to be able to hold their own if Fascism were to come into power in all the principal States on the Continent.

A success for Italian and German prestige and an increase of German and Italian power ought surely to be felt to be more dangerous than the stabilisation of a socially progressive Government in a country of secondary influence upon international mentality.

—The Manchester Guardian

MONROE DOCTRINE: 1937 EDITION

Buenos Aires and American neutrality: how the neutral entente was blocked

By G. ARBAIZA

THE neutrality policy of the United States has taken a new course since last December when American diplomacy, carrying plans for a bicontinental alignment, journeyed six thousand miles to Buenos Aires only to find a detour.

Washington observers at the time described American efforts in South America as a move to avert the impending catastrophe by means of a "Pan-American embargo policy" that would tie up the resources of the western hemisphere to belligerents, whereas the new cash-and-carry system, on its face value, merely means that the United States is clearing the counter for war trade. Whether or not the outcome of the Buenos Aires Conference has had anything to do with the adoption of the new policy, the United States has abandoned for the time being the idea of a neutral entente with Latin America in the present world emergency.

Yet the chapter opened by President Roosevelt at Buenos Aires is by no means finished. For one thing, American diplomacy did not come back with empty hands from the memorable trip. It found the road closed, but it brought back a South-American souvenir—the promise to consult. Although having no apparent value, the promise, according to enthusiastic Pan-American commentators, will be a rallying call on this side of the water when the war drums start rolling in Europe. For what happened at Buenos Aires seems to have been only an episode in the present war panic.

In a war for economic world supremacy, the South-American market, where all great trading nations have been contending for half a century, would be one of the largest aims. Even for the purpose of actual warfare, South America has a double strategic

value as a source of vital raw materials and foodstuffs, and as a possible basis for naval operations.

In the initial stages of the World War, England won two significant naval battles in South-American waters, assuring to the Allies the supply of Chilean nitrates and Argentine meats and grains which were as vital perhaps to them as American munitions.

With this and the help of the famous English "black list," the British crushed their German trade rival in South America. In the end, however, the Allies did not remain conquerors in the market. When their exports to the southern continent languished to the vanishing point, the American trader stepped in and captured the market without a shot.

The post-war American financial plethora started a new economic expansion that carried American investments below Panama and increased them to nearly six billion dollars throughout Latin America. This expansion came to a halt with the collapse of 1929. American trade with Latin America broke down then, and has not fully recovered since. In the meantime the old rivals, British, German, French, and new ones, Japanese, Italian, Czechoslovakian and others, have gained considerably.

American interest in Latin-American trade is not confined to the sale of surplus manufactures and the purchase of some Latin-American crops that have become necessities for the American population. The experts tell us that American industry in war time would be to some extent dependent on Latin-American mineral wealth for certain items. Many essential raw materials the domestic supply of which is inadequate or lacking are now imported

from different parts of the world, including Latin America. But in case of war the Latin-American and Canadian sources would perhaps be the only ones available.

In order to maintain its supply of ferromanganese, chromite ore, tungsten, antimony, mica, tin, mercury, vanadium, beauxite, lead, iodine, amorphous graphite, zinc and other materials regarded as vital or extremely important for national defense, the United States, in the event of another war, would have to keep open its trade routes with Brazil, Cuba, Mexico, Bolivia, Peru, Chile and practically with the whole of Latin America, unless, as the National Resources Board has just recommended to President Roosevelt, the reserves of these materials are built up in anticipation of a conflict.

The crash of the Coolidge Bull Market and the passing of dollar diplomacy left a turbulent trail in Latin America: military occupations, embittered nordophobes, fiscal receiverships, impoverished national treasuries, revolutions and war, defaults and quasi repudiations of corrupt American loans to petty dictators, decreased trade, deflated prices of Latin-American products in the American market, new tariff barriers and exchange retaliations that from 1929 to 1933 loosened the ties of the Pan-American family. The good neighbor policy healed political ravages and was trying a new prescription for economic ailments when the European situation became threatening. It was then that the United States suggested the Buenos Aires gathering.

The substance of the American proposal at the Buenos Aires Conference was the creation of a permanent body, an "Inter-American Consultative Committee," made up of the Secretaries of State and Ministers for Foreign Relations of the twenty-one republics, and the adoption of an export and credit embargo policy by international agreement extending to Latin America through legislation parallel to what was then the American neutrality policy.

Torpedoing the American Plan

The plan, although submitted for the rather modest purpose of maintaining peace

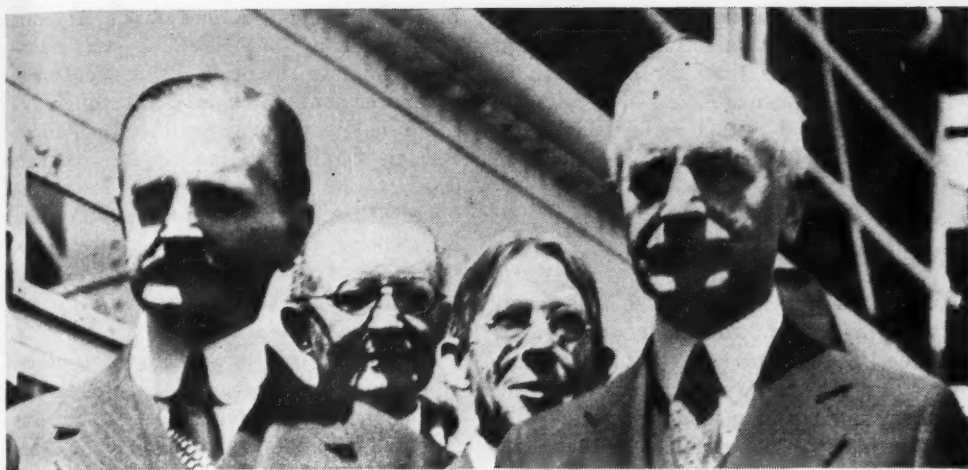
among the American republics, really had the breadth and boldness of a political alignment of the Americas. For a body of such caliber, once set up, could not have failed to take cognizance of a war danger affecting, not only two American nations, but the whole hemisphere. To be sure, it was to function prior to any conflict, and empowered to provide for the correlation of the legislative and administrative neutrality measures of the various states. This neutral entente would have placed the war trade and resources of the 21 countries at the outbreak of hostilities under one body on whose decisions the United States neutrality or war policy logically would have had final influence.

But the proposal did not go very far in the South-American diplomatic waters. It met with rough going from the beginning, and when it made port after a stormy revision, it had lost both its Consultative Committee and its neutrality plan.

In the signed conventions the conferees agree to consult with one another "*in the event of international war outside America,*" in order "*to determine the proper time and manner in which the signatory states, if they so desire, may eventually cooperate in some action tending to preserve peace in the American continent.*" (Italics mine.) That is, they declare their intention to consult after a war has broken out, rather than organize in anticipation of it.

No embargo provision whatever is made in the so-called Collective Security Pact, dealing with the danger of an extra-continental war. The only reference to it appears in the Convention Coordinating Existing Treaties, which deals with the danger of war exclusively among American nations, and even there the text used sounds like an eager rebuff of the American suggestion. It declares that the signatory states "*may take into consideration*" the adoption of embargo measures, "*but only through the operation of domestic legislation.*" (Italics mine.) That leaves the matter beyond international agreement.

It was not the fact that 16 Latin-American republics are members of the League of Nations that caused the rejection of the

*Times Wide World*

BEFORE THE CONFERENCE: Secretary Hull with Saavedra Lamas, the Argentine Foreign Minister, who was instrumental in defeating the American delegation's plans.

American proposal, as has been explained. League membership had as much to do with it as the Shanghai opium traffic. After Manchuria and Ethiopia, no one in South America expects to be protected by the League. The League serves as little more than an employment bureau for Latin-American rulers who want to favor idle friends or get rid of dangerous rivals at home.

It seems that opposition to the American proposal was not considerable in numbers. Brazil supported it, and the Central American bloc, composed of Costa Rica, El Salvador, Guatemala, Honduras and Nicaragua, had a plan that was interpreted as similar. Later, Cuba, the Dominican Republic, Haiti and Panama were said to have joined this group. Most of South America, except Brazil and possibly Ecuador and Venezuela, dissented from the American plan. But while Bolivia, Chile, Colombia, Mexico, Paraguay, Peru and Uruguay submitted different projects or offered changes, Argentina put up a militant opposition and, single-handed, made the American proposal fail.

The fact is particularly significant because, of all Latin-American countries, Argentina is the one whose help means more to Europe in case of war than that of the rest of Latin America. The Argentine pam-

pas feed incalculable millions in Europe. Out of the Rio de la Plata granaries and *frigoríficos* flows, mostly toward Europe, a steady stream of victuals that includes about one third of the world's wheat exports, four fifths of the international shipments of corn, and more than half of the world's exports of beef and beef products. More than four million sheep are slaughtered and sent yearly from that country across the Atlantic to be served at Europe's table. The Argentine exports represent about as much in value as the exports of the rest of South America, and the strategic position of Argentina overshadows so completely, as far as European war needs are concerned, that of the other Latin-American countries, that the Buenos Aires conference seems to have been mostly, if not entirely, to enlist Argentine support.

No one knew this better than Argentina herself, who always has shrewdly used competition for her trade among the great industrial nations as a means of giving political weight to her great economic strength. Argentina resents the idea of being regarded as a planet in the American system. She has availed herself of every opportunity to strike at that conception, and there had not been in decades a more spectacular chance to do it than at Buenos Aires.

Let no one think, however, that this was her only motive in defeating the American plan. It happens that her exhibition of antagonism at Buenos Aires, so pleasing to her national pride, fitted perfectly with her present economic interest. Entirely too much credit has been given by the American press to Saavedra Lamas' vanity for the failure of the American plan. He may have been allowed by the leaders of Argentine business and great landholding interests to play in his own manner the leading role the United States offered him at Buenos Aires, but it is those leaders who have the final say in Argentine economic policy, and they are amply represented in the Justo Government.

Argentina Looks to War Profits

In 1936 Argentina did with Europe about six hundred and fifty million dollars worth of business (at the present official rate of exchange), selling in European markets nearly 70 per cent of her exports or about four hundred million dollars. Great Britain's share was more than 30 per cent. British investments in the country represent well over two billion dollars, and the total European investments, including French, German, Italian, Spanish, Dutch, Belgian, Scandinavian and others, are estimated at close to three and a half billion. It was the combined local and European interests behind these figures—not the whims of Argentina's Foreign Minister—that stood in the way of a Pan-American neutral entente.

In recent years the Argentine trade with Europe has been recovering with varying fortune from the depression. The first signs of increased European demand in anticipation of a war brought an uptrend in Argentine and other South-American export values during 1936 and quickened the tempo of recovery. But toward the end of the year, precisely about the time the Buenos Aires Conference met, advance word of the great European war budgets and of the handsome share that Argentine trade was to have in the resulting purchases, had also reached Buenos Aires.

When the Conference was called to order, the Buenos Aires grains and meats markets,

and with them the masters of Argentine economic life, were expecting great days—but not for world peace. Movement of the crops was about to begin. All through 1936 there had been an extraordinary inflow of foreign funds that reached an estimated total of one hundred million dollars and assumed far more consequence than a similar transfer during the few months preceding the outbreak of the World War, when England placed larger sums in Argentina than in the United States.

Argentine business profited tremendously from the World War, and this was the best chance the country ever had since the crash to take a leap back to prosperity. So it happened that while the Pan-American conferees were discussing ways and means of maintaining peace, the cereal traders of Argentina were dealing in war values. British demand for extraordinary supplies as a part of their planned food cache for war-time defense, and the presence of German, Italian, and other European buyers with heavy orders, set things going. The war boom was on.

American political columnists and correspondents, commenting on the American proposal at the time, said that it sought to insulate the Americas from the next war by an economic boycott of the belligerents, and spoke of "padlocking" the resources of the western hemisphere. It is not hard for anyone to imagine how that sounded to the ears of opulent *estancieros* and Buenos Aires bankers, grain exporters, brokers, speculators, and meat-packers. The local press cried that the United States was trying to isolate South America from its best customers across the Atlantic. Secretary Hull, "in order to avoid the confusion due to a number of divergent press interpretations" of the American draft, gave out a statement at Buenos Aires answering that the proposal referred only to conflicts "in this hemisphere," and it did not "in any way affect exports from this hemisphere to other countries either in time of peace or in time of war." This explanation broke the deadlock which had been holding the Conference since the American proposal became known.

During the first quarter of this year, Argentine wheat, corn, flaxseed and other products rose to the highest price levels since 1929, shipments reached the record-breaking total of \$280,000,000, and the Buenos Aires grain market often went wild "with daily scenes of frenzied buying unequalled since the World War." Evidently, December 1936 was not the best moment to talk of padlocking the pampas.

The situation was similar regarding other South-American countries which for the past year have also been profiting by the price advance in copper, tin, cotton, etc., and which have, too, strong business ties with Europe. Chile's sales to Europe have averaged in recent years more than 50 per cent of her total exports; Peru's, more than 50 per cent; Bolivia's, about 90 per cent; Uruguay's, more than 60 per cent.

To mention one example, while the Buenos Aires Conference talked of an embargo on war materials, the Chilean government was negotiating with French authorities and the *Chambre Syndicale des Industries Aeronautiques* (in which all French airplane factories are associated) for the sale of 120,000,000 francs worth of nitrates, Chile to receive airplanes in exchange. Similar barter transactions were being discussed with Italy and Great Britain.

Of course, American diplomacy was aware of all this when it paid the Buenos Aires call, and walked into the very stronghold of European influence and investments to point a finger at European folly. Undoubtedly it realized, too, that it was at a disadvantage in a country that for years has pursued a hostile policy to American trade, curtailing American imports by means of exchange regulations as a reprisal for American protective tariff on Argentine grains, wool and hides, American restrictions of Argentine meat imports, and the comparatively small percentage of the American share in Argentine exports. At the time, Argentina had just signed or was about to sign new trade agreements with Great Britain, Germany, Italy and other European countries granting them favored exchange treatment.

American diplomacy had only two cards to play. One was the prestige of the good neighbor policy. No American ruler has been better liked in Latin America ever since the United States became a world power than President Roosevelt, because he has done more than any other to liberalize Latin-American policy. While his policy is maintained, a majority of Latin-American public opinion stands for cooperation with the United States. If Argentina ran counter to this trend and antagonized the United States in order to show how independent she was, she would at the same time be placing her business dependence on Europe too much in evidence. The second card was the possibility of a total breakdown of European markets in a long war.

But Argentine leaders did not care much about placing their motives in evidence, nor did they show the slightest fear about the permanency of the Argentine position in the European markets. And entering into a neutral economic entente with the United States was to them only hitching the South-American freight cars to the American locomotive.

The sudden turn that the European chronic war fever took for the worse with the remilitarization of Germany and Italy's challenge of British sea power in the Mediterranean, forced the hand of American diplomacy to make the Buenos Aires move at a time when the very situation that prompted it was bound to strengthen more than ever the business alliance between South America and Europe.

However, the promise to consult assumes quite a different meaning when other prospects are brought into the picture.

Before 1914 the European foothold in South America was comparatively stronger than it is today, and it may not survive another hurricane. If another war stops the supply of European money and manufactures, American enterprise will have a chance to step in for the second time and possibly do a better job than the improvisation that followed the World War. The opportunity would find American business better prepared to undertake another south-

ward expansion, much needed just now by American foreign trade, a more tempered expansion if American business has learned the lesson of the twenties, but a far easier one, as, during the past two decades, the United States has built up for its trade in South America a vast machinery that it did not possess before.

American capital took the place of European capital in some of the South-American industries during the post-war period. Another war may see a more thoroughgoing supplantation, and lead perhaps to a situation where a large part of European commercial intercourse with South America may be transacted through American hands.

If the European financial strings tear off once more, the United States would again be the only source of pecuniary help to Latin-American debtor nations, who owe nearly two billions to American investors.

From a political standpoint, Latin-Americans think they have driven a good bargain by exchanging their promise to consult for the United States promise to renounce intervention in Latin America. In the non-intervention protocol, which declares intervention "inadmissible" among the American republics and is really intended to preclude a resumption of American intervention policy, the southern republics are pledged to act together in that event. There is an ironical touch in the fact that they were able to make this organized move only through American efforts to gather them at Buenos Aires. They regard it as a great diplomatic victory, and many Latin-American delegates greeted the signing of the protocol as "the end of the Monroe Doctrine."

Those who see in the present American non-intervention policy a sober reaction to the 1929 debacle rather than a diplomatic concession, are not so certain about its permanency. While American investments are at a standstill, the intervention policy lies in cold storage. But let the foreign investment floodgates of the American reservoir be lowered again, and if American business has not learned the lesson of the

twenties, non-intervention, even the good neighbor policies, may be swept away.

The Monroe Doctrine has been buried many times. Yet, should the "belated" imperialist powers of Europe threaten to upset the present American and British control of South-American raw materials, foodstuffs, shipping and ocean trade routes, the doctrine would become a more vital issue than in the days of the Holy Alliance.

The dual control of South-American exportable wealth rests now upon the combined American and British sea-power to protect their access to South-American resources. If the new challengers of British supremacy in the Mediterranean—which holds the Gibraltar key to the Atlantic and would shut that door in a conflict—break through, then British control of South-American transatlantic trade would be menaced. And to destroy and supplant the British hold on South-American economic life might look easier to the Hitlerish and Mussolinian appetite for grain fields and raw materials than a military expedition to the plains of Ukraine. Then the Monroe Doctrine would perhaps revert to its original meaning.

A 1937 edition of the Monroe Doctrine may be read in between the lines of the Neutrality Act passed by Congress. The paragraph exempting Latin-American states from its provisions, that is, from the embargo on credit and arms exports to belligerents, contains a warning that the United States will not lend its help to Latin-American nations taking sides in an extracontinental war or "cooperating with a non-American state or states in such a war." The implication is that the United States will only support, naturally as a matter of self-interest, a Latin-American republic fighting aggression by a non-American power.

In his Chautauqua speech, August 14, 1936, President Roosevelt said: "Our closest neighbors are good neighbors. If there are remoter nations that wish us no good but ill, they know we are strong. They know that we can and will defend ourselves and defend our neighborhood."

BEHIND ROUMANIA'S CRISIS

*Iron Guard and palace politics threaten
Eastern Europe's bulwark against fascism*

By CHARLES HODGES

ONLY a king stands between his kingdom and a new "Deutschland down the Danube"—Carol of Roumania.

Signs of the approaching storm already were visible in flamboyant Bucharest last summer. I saw it on the bill-boards, where the swastika flamed out from the posters, European-style, crying the editorial contents of the bought fascist press. It surcharged the neighborhood of the university schools with Nazi-banded students agitating in the street. Psychologically, it permeated the atmosphere as conversation in official and unofficial circles would turn to the brutal murder of a Roumanian politician in his hospital bed—one of the culminating signs of Nazi gangsterism descending the Danube in a new drive for power.

The lower Danubian kingdom, now as before the World War, represents a key area in European politics. Its geographic position, then as now, makes it of prime importance to any *Drang nach Osten*, whether it be yesteryear's bid for the Persian Gulf via Turkey or the present push against the Soviet Union as the foremost foe of fascism.

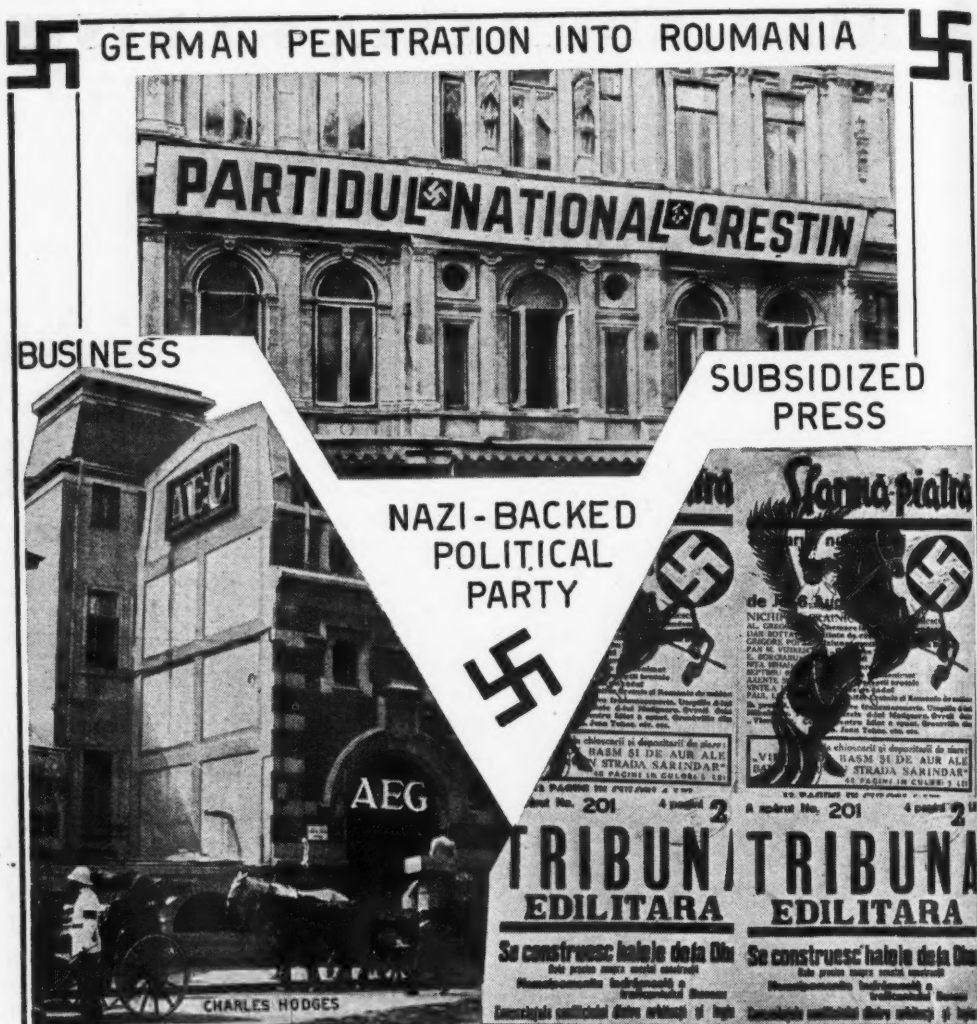
Roumania's material wealth, particularly valuable as a granary, a store-house of raw materials, a producer of that supreme wartime source of power, petroleum, remains an even greater temptation in these days of embattled economic nationalism. Even the parliamentary politics of the nation, a bizarre mixture of nineteenth-century liberalism, powerful peasant opposition, plutocratic corruption, fascistic violence, and palace intrigue, offers a fertile field for alien conspiracy to bend the country to outside interests.

The master-clue to the present play of politics about Bucharest is to be found in King Carol himself.

Since Roumania's colorful monarch swooped down by plane from Paris in June, 1930, to reclaim singlehanded his crown, he has not only reigned. More and more, he finds himself confronted by situations in which he must rule directly to survive. We have come in this part of the European scene to one of those more and more infrequent moments when the long-range forces of modern diplomacy grind against the sheer personal power of an outstanding individual determined to block their realization.

Personally likeable but with full range of family temperament, he is a good-looking king who brings to the royal role an appearance of physical fitness that checks with his love of sports. When I saw him at Valeni de Munte, his proverbial beret, cigarette in its long holder raking from an indulgent mouth, nonchalant handling of the powerful sports sedan all seemed to make him a very human monarch who could exasperate yet captivate his associates.

King Carol is credited with becoming a hardworking ruler, quite the opposite of the playboy reputation that followed his romantic movements of the twenties, who appreciates that he himself, the monarchy, and the country are in a tight spot. Dr. Iorga tells me that this ruler really labors over problems of state with intellectual zest; he frequently visits with the patriarchal and scholarly *bon vivant* to discuss questions of state; and he puts a great deal of reading behind his views. Though living up to his reputation for impulsive



NAZI PENETRATION: "Funds syphon in to keep a fascist press; big business from Berlin, symbolized by the famous 'AEG' in trade, has its part in penetrative intrigue."

action, the king cannot easily be maneuvered out of a position. He catechizes his ministers and quotes from the latest works of authorities on the subjects under discussion. These debates can run for hours until he has exhausted a minister of finance on economic theories or he himself accepts the soundness of opposing arguments.

As the world knows, the decisive influence about him is the keen mind of the woman for whom he surrendered succession to the throne in 1926. The very durability of this royal romance, whose

door to marriage is blocked by the commoner status of Madame Magda Lupescu, now makes it one of the prime factors in current Danubian politics. A person of charm, intelligence—and courage—she remains the delight of sensation-mongers who are not interested in the stabilizing influence which she now exerts over King Carol. She is credited with a shrewd political sense. Certainly her steadfast devotion in the face of real personal danger is one of the monarch's constant supports.

Officially shrouded from popular view,

Madame Lupescu moves in the small royal circle and sees possibly forty persons outside this intimate court group. It interested me to learn that, since 1932, certain diplomats have begun to entertain her unofficially. This discreet tribute to her continuing importance in the kingdom must be understood.

"Just picture her position," a foreign diplomat told me. "She has no life of her own. She only sees friends on an approved list of people who can be relied upon to avoid political involvement of her name. She exists exclusively within this small circle—there is neither appearance in public nor public reference to her. Occasionally, she goes out to dinner; here, again, these same intimate friends constitute the hosts and guests."

As one well-informed friend observed to me, people have been inclined to underestimate King Carol himself because of the legend of the lady's all-pervading power. In diplomatic quarters, there is a feeling currently that her direct manipulation of Roumanian politics is certainly no longer what it has been supposed to be by Carol's whispering enemies. Undoubtedly playing the active part credited to her at times, she is believed by friends to perceive the danger of any visible, constant interference in affairs of state.

In point of fact, her true significance for Carol lies outside herself. It is something psychological, for which we have to poke back into the family setting of the monarch. We are probably on the right track when we say that the king gains something from her that no one else has been able to give—the assurance that he is the ruler of Roumania. This, his mother, the beautiful but imperious and dominating Dowager Queen Marie, failed utterly to do. Not only did she fail to build up his confidence in himself; she always has pictured him as mother's "little boy."

Outside the court circle, King Carol's support has come particularly strongly from the army and Roumanian youth. The fighting forces admire him as a man and a leader who demonstrated his confidence

in them by stepping out of a plane at Cluj and taking command—then flying on to Bucharest with the same assurance of power. With Prince Michael, whose regency reign was terminated by his father's dramatic return staged after three years of exile, Carol appeals to Roumanian youth for his sportsmanship. Here, the Boy Scouts have a universal popularity which makes them a youth organization of challenging strength; this strength has been at the command of the king, who lets his son stand the gaff of an ordinary Boy Scout and who himself always finds time to show up at a jamboree. The increasingly important Roumanian business elements, displacing the old landed magnates, too, have been behind Carol. He is very much involved in the ramifications of national economic development, which are marked in Roumania by an unusually intimate tie between politics and capitalism.

Iron Guard

Ostensibly, the challenge to King Carol and his followers comes from the notorious "Iron Guard."

Developing rapidly in the post-war period as a violently anti-Semitic youth organization under the leadership of Zelea Codreanu and eventually Professor A. C. Cuza, it has bashed its way into sinister prominence by carefully planned outrages. These started in Eastern Roumania with student organizations drilling in Braila, Galatz, Constanza, and other cities as an anti-Jewish force systematically launching riots to flame into national pogroms. The Iron Guard immediately became a major problem of Carol, for obvious reasons, upon his return to power. Within six weeks, the Guard found that the monarch had no intention of allying himself with these fascist elements. They promptly shot the Minister of Interior, who was attempting to preserve order with too firm a hand for Codreanu and his followers; their terrorism challenged the Government itself during the last days of 1933 when Premier Duca himself was assassinated.

Though proscribed by the state, the Iron

Guardists have proved to be only driven under cover rather than dissolved. Their organization is too extensive to be easily uprooted. Moreover, their anti-Semitism is driven deep into the stirring peasant consciousness as the explanation of all agrarian troubles. Accordingly, when left-wing agitation from the communists increased with the world economic depression, it brought Iron Guard activities once again to the surface of Roumanian politics.

This time, two external factors are involved—the bitterly-assailed Franco-Soviet



CAROL OF RUMANIA: *"The master-clue to the present play of politics about Bucharest is to be found in King Carol himself."*

Alliance, which was concluded without due warning to the Eastern European allies of Paris; and the new "putsch" of Hitlerized Germany to the east.

The French deal with Moscow has given Roumanian reactionaries their golden opportunity. The efforts of that perennial minister of foreign affairs, Titulescu, to find a working basis with the Soviet Union were assailed in a frenzied campaign by the Roumanian groups on the right. This finally brought about his resignation last fall in connection with his very mysterious

illness. Though this extraordinarily competent diplomat worked on the obvious principle, as he said, that "we cannot be anything but friendly with a nation of 170 millions," the Iron Guard drove in a venomous fashion against the whole "blindly" pro-French, pro-Soviet orientation attributed to Bucharest.

This seems to suggest something of the outside support undoubtedly behind the Iron Guard. We must remember that Titulescu clearly perceived the strategic threat of Nazi Germany to Roumanian independence. Well over a year ago he and the Government feared the inevitable Hitler drive down the Danube. Every effort was made to close gaps in Eastern European solidarity, to which King Carol, under no illusions as to the monarchy's own jeopardy, has lent every support. In particular, Roumania has drawn closer than ever to Czechoslovakia as part of Titulescu's plan to keep free from German domination; and the Czech need for direct contact with Soviet Russia in case of war is being met by a strategic railway from Eastern Czechoslovakia across Roumanian territory in Bukowina and Bessarabia to the Ukraine which is now well on its way to completion. Yet, even though Titulescu's policies resulted in the USSR accepting the loss of Bessarabia, to the north of the Danubian delta, the Roumanian reactionaries have picked up the "communist menace" as the logical current complement to their anti-Semitism.

As one Roumanian put it a trifle cynically to me: "All Jews are not Reds; but all Reds are Jews!"

Nazi Cloud

In the meantime, the darkening shadow of Nazi Germany is spreading more rapidly down the Danube. While nothing could be done by Hitler with Czechoslovakia directly, the Third Reich has sought with increasing pressure to wedge apart the little Entente. Here, the racketing "debtor diplomacy" of Dr. Schacht has proved partially successful in putting economic shackles on Yugoslavia; but Roumania



cludes such efforts with its fundamentally more developed national economy.

While the traditional pro-French policy of Bucharest beyond doubt has been altered by the precipitate way in which Paris covered herself when confronted with German rearmament, an almost panicky disregard for the Little Entente, the Nazis know that as things stand they are checkmated on the lower Danube. Their violent opposition to Czechoslovakia defending herself by the railway connection to the USSR, *via* Roumania, shows why something must be done to upset the combination. A route, the joint product of the French, Soviet, Czech and Roumanian general staffs, must be propagandized away—even if it means a political upheaval in the Danubian kingdom.

So, today, the full force of Nazi diplomacy, finance and trade—plus an alliance with the most fascistic elements in Roumanian politics—has been let loose against Carol, the Little Entente neighbors, and the French backing. The Hitlerites are playing with any possibility relentlessly: funds syphon in to keep a fascist press; big business from Berlin, symbolized by the

famous "AEG" in trade, has its part in penetrative intrigue; one of the rising National Christian Party's leaders, Goga, commutes north to the Third Reich, while his associate, Professor Cuza, of the Iron Guard, holds the home front in Bucharest.

Exit Nicholas

With Carol and his governmental supporters jockeying for position against the Nazi-backed fascistic elements, for the moment camouflaged as the "All For Our Country League," the other side of the Prince Nicholas affair becomes clearer.

The foreign press, as usual, is playing up the personality angle. It is featured as a duel between two ambitious women, in which Madame Lupescu is given the role of blocking the aspirations of the commoner wife of Prince Nicholas to establish herself as a duchess. Prince Nicholas, we are informed, stands pat on maintaining his marriage. Reading between the lines, however, the story seems to be more complicated than merely that of a crown council stripping the recalcitrant prince of all rank and imposing exile upon him. We find

that Carol's equally tempestuous brother has been backed—not merely conveniently used at this moment—by Iron Guard interests in none-too-successful business ventures masking ulterior motives.

Under these circumstances, Prince Nicholas emerged as a political issue of uncertain but large political dimensions. Just as the Iron Guard and its fascistic party fronts are catspaws of Nazi Germany, so Nicholas seems to have been the tool of Roumania's understudies of Hitlerism. These events may be hinged upon personalities; but the human beings, whatever their stations, are incidental to the larger forces behind them. Nothing could be more significant than the conviction of the Iron Guardists on trial for political murder. It shows a strong governmental hand determined to cope with this challenge from fascism—and coping with it in the one unanswerable way . . . death.

Upshot: Setting the Stage

Political prediction, especially as world politics dovetail into domestic politics—and domestic, into personal vendetta—seems more than hazardous.

The best that one can do in the significant case of Roumania is to draw together a sort of balance sheet of tendencies. On the international side, Nazi Germany appears to be gathering momentum for a major move in Eastern Europe. Mussolini's Italy, notwithstanding its fascist cultural headquarters in Bucharest, seems to be in retreat toward the Mediterranean. Both the deal with Yugoslavia, apparently designed to cover Italy's vulnerable rear, and the washing out on Austria appear to be part of the same pattern. Within Roumania, we apparently find a major convergence of Nazi interests. In the simplest terms, Germany must bend or break King Carol and his supporters to make Roumania serve Hitler's purpose—to use the Danubian kingdom as an advance base for

the constantly-heralded attack on Soviet Russia.

The German formula—break Carol, fascize the country, and suck its great economic wealth into the Nazi dream of a self-dependent of "autarchic" Middle Europe—sets the lines of this battle. But kings of Carol's temperament, quite apart from any other considerations, do not want to be reduced to vassalage. Hence we have the Roumanian counter-offensive. In this, Carol is playing a key part. If dictatorship is inevitable, the king proposes to beat his enemies within and without Roumania at their own game—a royal dictatorship. If anti-German solidarity can turn the trick, Carol will continue his visits to Czechoslovakia, to Yugoslavia, not to forget the significant relations being consolidated with Poland.

In the meantime, Roumania is rearming with aid from France and Czechoslovakia. This combination is very important, for the Czechs are giving Roumania loans for the modernization of armaments while the French supply munitions. In this last matter, indeed, comes one of those little ironies of men. The French nationalization of the arms industry is helping out Roumanian preparation for Armageddon. The state control over private manufacturers of arms, such as Schneider-Cruesot, means that Roumania can get arms more easily—French government credits will be forthcoming and Roumania will not have to worry about being in arrear on payments.

So the Roumanian part of the Baltic-Black Sea barrier to Nazi expansion eastward is being dug into the Lower Danube Valley by King Carol and his statesmen. Whatever may be the political and social contradictions within the Roumanian kingdom, this one thing stands out clear against the troubled horizon of European politics: Roumania's repudiation of a Nazi alignment means a major setback for Hitler's Third Reich and its march to continental power.

MOBILIZING WITH GASOLINE

*The powers turn to synthetic fuel
in their mad rearmament scramble*

By WILLIAM GILMAN

THE world-wide race to rearm is a daily, frightening story in the newspapers and on the newsreel screens. But meanwhile another race is well on its way, although outwardly not so spectacular. It is for gasoline, the fuel which must be had to run the new war machines.

If oil wells alone were the goal, the date of a new war might be still far off, so hopelessly out of the picture are such "have not" powers as Germany, Italy, and Japan. But in synthetic gasoline—there they see a chance.

Germany provides the best example, both as a nation with urgent need and the scientific ability to turn to substitutes. It may be an ironic tribute to science to say that Germany's war plans might be in a very embryonic stage today had she not the ingenuity of two Nobel Prize winning chemists to fall back upon. But it is not an over-bold statement.

Germany's potential allies of any importance are as poor in raw materials as she. Her navy could certainly not be depended upon to break through Britain's armada to neutral markets, or to colonies if she is given any. But Germany has been through this before. Yet she was able to fight on, although blockaded, because Dr. Fritz Haber pulled nitrogen out of the air, freeing the Fatherland from dependence upon Chilean saltpetre for explosives. Today, Germany and the rest of the world as well, can manufacture a surplus of explosives at home by the Haber process.

In 1918, Germany had plenty of synthetic nitrate but was starving for that other war necessity, petroleum. In a new war, she hopes this lack will be filled—with synthetic gasoline and such supplementing substitutes as alcohol. The Reich is depend-

ing upon the ingenuity of Dr. Friedrich Bergius, once an assistant to Haber and, like his mentor, a Nobel Prize winner. He developed the outstanding method of coal liquefaction, a process now 20 years old on paper but only about 10 years old industrially.

Whatever other scientific aces she may have up her sleeve—she had two in the last war, synthetic nitrates and poison gases—Germany is making no secret of her coming reliance upon the Bergius process.

Fuehrer Hitler says the Reich, in 15 months, will be free of dependence upon foreign oil. Time alone can tell. It would be a Herculean task—crushingly expensive and involving a drastic reorganization of German industry—but it is not impossible.

Using present consumption figures, Germany needs about two million tons of gasoline annually. She is meeting about 47 per cent of that need at home. About 20 per cent is accounted for by synthetic gasoline, the rest by domestic crude oil and such substitutes as alcohol. The bulk of the other 53 per cent necessary to attain self-sufficiency by the spring of 1938 would come from an increased conversion of coal. Six tremendous plants might do the job, but modern military strategy calls for a scattering of smaller plants safely around a nation.

The Bergius Process

To attain the goal, Germany is using all three principal processes: the low-temperature carbonization of coal, at least 90 years old and producing more coke and other by-products than it does gasoline; the Fischer-Tropsch "synthetic" method, a small-scale affair based on the use of coal to generate gases which are then built up

into larger, liquid fuel molecules, and the Bergius "hydrogenation" process.

The last is the most important, because of its large-scale possibilities, its efficiency (theoretically, a ton of "pure" coal will produce more than its weight in gasoline), and its ability to use the cheapest grades of coal, leaving better grades for conversion into coveted foreign exchange by export.

Disregarding its technical complications, such as the need for correct catalysts, the Bergius process consists simply of powdering coal and forcing its chemical union with gaseous hydrogen under high pressure.

Commercially, it is another matter, despite the fact that coal is plentiful and cheap in Germany as well as most other nations lacking petroleum. The cost of erecting a hydrogenation plant is tremendous. And, gallon for gallon, the product itself is about three times as costly in manufacture as gasoline refined from crude oil. It is well enough known, however, that Germany has embarked on her self-sufficiency program, in regard to gasoline and other materials as well, with an "at any cost" policy.

Meanwhile, the German consumer is being forcefully educated to keep his hands off the Reich's liquid fuel supply. One method, shared with several other nations which lack oil, is to subsidize the use of substitutes or decree the use of gasoline-alcohol blends mixed in certain ratios. It is a type of domestic mobilization, with the German citizen being prepared for days when the gasoline supply will go almost wholly to the army, navy, and air force.

Oil and Private Profit

As for the world picture, there has evolved an interesting blending of nationalistic necessity with international expediency. The story of the oil industry has always been tied in closely with private profit and national safety. The powers have seldom been averse to helping their nationals obtain and drain oil concessions, even at the cost of overthrowing a weak government or two. With the totalitarian

tendency so pronounced today, the line between commercial and diplomatic exploitation is even less distinct.

In the background is a corollary to the search for oil—a search for markets, with world-wide rivalry leading to the growth of international combines and the awarding of spheres of influence. It is a matter of maneuvering to obtain "black gold" in Mexico and Iraq so that there might be a supply of kerosene to light the lamps of China.

An ultra-modern corollary was last year's spectacle of a power demanding, not oil wells or oil markets, but the right to buy oil. Premier Mussolini accepted all other sanctions, with ill grace to be sure, but told England plainly where an oil embargo would lead.

It becomes clear why the other powers sat up with keen interest when Germany's gasoline-from-coal reached the stage of industrial feasibility. The result is that patent rights to the Bergius process are now divided four ways: in Germany, Italy, and England by gigantic chemical concerns close to the respective governments, and in the United States by the Standard Oil Company of New Jersey.

The brunt of the cost, of course, was borne by Germany. It is reported that Bergius used a staff of 150 technicians over a 13-year period to bring his process to the industrial point, at an expense of around six million dollars.

For Italy, an oil pauper producing a bare three per cent of her needs and with Albania her only field for exploitation, the process obviously loomed as a godsend, especially in view of recent reports that there may be extensive deposits of low-grade coal in Ethiopia. England, on the other hand, has plenty of oil abroad. Nevertheless, she too has taken up hydrogenation as a strategic auxiliary. Its necessity became apparent last year when Italy threatened Britain's "life line"—and that means, among other things, her oil pipelines from the Near East.

American interests, interested in making a dollar while foreign rivals worry about

war, joined the patent pool from the viewpoint of business foresight. The fact of the matter is that Uncle Sam's crude oil supply is dwindling, at the rate of a billion barrels a year. Year in and out, oil wells in the United States have not only supplied the domestic market, largest in the world, but exported as well. The American output accounts for 60 per cent of the total world production, and has averaged that figure ever since oil became a commodity.

The situation has now arrived where the world's remaining, proven oil reserves recoverable by present-day methods are estimated at 25 billion barrels, a 14-year supply. Of this, the United States has about 13 billion barrels, according to recent American Petroleum Institute figures.

Does this mean there will be no more oil in Texas, Louisiana, Oklahoma, and California in 1950? Hardly that ominous. But the big splurge is dated. New reserves are being discovered constantly, although, significantly, they barely kept up with the American drain last year. New cracking processes account for more gasoline per barrel of oil. Oil drilling constantly gets deeper. Eventually too, the United States can turn to vast quantities of oil-bearing shale.

When Oil Becomes Scarce

Meanwhile, the demand keeps climbing. As the ratio of supply to demand narrows, the time must come in 10 years or so when the price of oil will begin soaring in earnest—just as that other American raw material, lumber, mounted in price when the period of big wasting had effect—with a consequent narrowing of the price margin between oil-gasoline and coal-gasoline.

This picture of the future has prompted American oilmen to send out their best prospecting minds in the past year, searching for new oil fields and buying known ones outright, so that they are now very much a factor in the international production picture. This desire by American capital to dispute control of the world oil situation with foreign combinations is undoubtedly one of the most important phases

in American oil history and, if our interests are threatened by war, in future American neutrality.

Before the past year, the world's two big oil combines outside the United States were Royal Dutch-Shell and Socony Vacuum-Standard (N. J.). Now there is a third, Texaco-Standard (Cal.), which has bought vast oil-concession leases in Sumatra and opened new fields in the Persian Gulf. Texaco recently went into big-scale operations in Colombia with Socony Vacuum. And at the beginning of this year Texaco, operating through its large control of stock in the Seaboard Oil Company, obtained an immense concession in Iran and Afghanistan, in the heart of Britain's vital interests.

Concurrently with this activity abroad, American interests are quietly experimenting with refinements of the Bergius process. Standard Oil (N. J.) owns exclusive rights through a subsidiary, the Hydro-Patents Company. It has gone ahead to license most major American oil concerns, who are forced by patent law to pay tribute. Thus, while foreign interests rushed into the international pool to be prepared for war, the Standard Oil firm acted to stay up front in the liquid fuel business.

This does not lessen the strangeness of two such antagonistic nations as Germany and England sharing the same secrets, for it is common knowledge that the affairs of their oilmen are closely controlled by their respective foreign offices.

The history of the unique cooperation began in 1929 when Germany's domineering dye trust, the *I. G. Farbenindustrie*, an important cog in the Reich's mobilization scheme, pooled its Bergius process refinements with similar secrets held by the Standard Oil interests. They organized under joint control the Standard-I. G. Company.

Two years later, England applied financial and diplomatic pressure with the result that the monopoly formed a subsidiary, the International Patents Company, to which Royal Dutch-Shell interests were admitted. The new company had, and still

has, world rights to the Bergius method, but allows Germany and the United States, as pioneers, hydrogenation sovereignty within their own boundaries.

The fourth member, Italy, came in last fall through a series of events which well illustrate how international crude-oil diplomacy has become entwined with the synthetic variety.

England had been in control, as she is now, of the Iraq Petroleum Company, which in turn dominated the vast oil output of little Iraq. The corporation's stock distribution is an eloquent instance of pooling. Between them, Royal Dutch and Anglo-Iranian owned $47\frac{1}{2}$ per cent of the stock. Another $23\frac{3}{4}$ per cent was owned jointly by Socony Vacuum and Standard Oil (N. J.). French interests owned $23\frac{3}{4}$ per cent and the Armenian free-lance, *Sarkis Gulbenkian*, had the remaining 5 per cent.

Last spring, however, the British government became suddenly aware that the nearby Mosul oil fields, organized on a basis of being dominated by Britain, had practically gone under Italian control—a threat on a new front by Mussolini. Then the Ethiopian war ended and the urgent need to keep oil from Italy was removed. In the midst of the Anglo-Italian rapprochement, and almost coincidental with the removal of sanctions, the British were suddenly enabled to buy out the troublesome Italian interests.

Another coincidence occurred. England abruptly allowed Italians into the patent pool. The most plausible explanation is that there was a two-way deal between England and Italy, with Germany wholeheartedly approving favors for her ally. Likely enough, Sir Henri Deterding, chairman of the Royal Dutch board and not unfriendly to the Nazis, was intermediary. The Italians got hydrogenation patent rights, as well as 10 per cent more for the Mosul stock than they had paid. In return, England remained secure in Iraq.

Since then, Italy's prototype of the German I. G., the Montecatini interests, have capitalized the A. N. I. C. (*Azienda*

Nazionale Idrogenazione Combustibili) with 400,000,000 lire for hydrogenation activities. This makes a total of three powers hard at the new gasoline game. The other two are Germany, of course, and England, where Royal Dutch brought the Imperial Chemical Industries outfit into the actual production scheme. The completion by the I. C. I. last year of a gigantic plant at Billingham, with capacity of 150,000 tons of gasoline a year was hailed as England's outstanding chemical event.

Japan, France, and Oil

Meanwhile, Japan and France are trying their own processes, some very similar to that of Bergius. Japan learned some time ago that the oil-bearing shale she found in Manchuria was far from sufficient. Of oil itself, there is practically none despite intensive searching. So Japan turned to coal, concentrating chiefly on the low-temperature carbonization process, which produces not only gasoline but coke and coal-tar products very useful to her. Already, the Mitsubishi Mining Company has established a plant in South Karafuto with a yearly capacity of 20,000 tons. The South Manchurian Railway is completing an experimental plant near its famous coal mines at Fushun, with a similar capacity.

France, meantime, still relies upon her own and Great Britain's navies to keep her oil pipe lines open, although she is not nearly so dependent upon British policing the seaways as is Holland, with interests in the East Indies. France has built three small coal-gasoline plants and is planning to erect another which would produce 300,000 tons a year—about 10 per cent of her needs. But it is likely that small plants will be erected instead, for French strategy, as demonstrated in synthetic nitrate plants, is to decentralize strategic industries as much as possible.

The only other major Power, Russia, is able to go serenely on her way. She is the world's second largest oil producer and an exporter. However, it is believed that with growing Soviet industrialization, consumption will rapidly rise to meet produc-

tion. Her synthetic chemists are more interested in rubber than gasoline.

In short, world interest in coal-gasoline has three phases, depending on whether the nation is a frantic "have not" like Germany, Italy, and Japan; a "have" preparing speedily for emergencies and desirous of developing an independent home supply like England and France; or a wealthy, investing "have" like the United States. Their attitudes are somewhat similar in respect to crude oil, except that part of the strategy here is for a nation like England to maintain a "dog in the manger" policy which will keep possible antagonists impotent.

Naturally, the pauper nations are not oblivious to the value of quick thrusts soon after the outbreak of a war that would net them captured oil wells. Only the secret mobilization plans in various war ministry safes could reveal definitely just what these plans are. Already, Italy has shown a keen enough interest in affairs of the Near East to hint that she might make a sortie into Iraq. Turkey's interest in acquiring control of Syria's Alexandretta area has been linked with German aspirations to gain control of the oil-bearing Sanjak section.

Moreover, there is always Roumania—the only European nation outside of Russia with oil for export—to which Germany

might turn forcefully. And while Italy was threatening England's Iraq interests in the Near East, Japan might be simultaneously speeding toward English owned and controlled oil in the East Indies.

These are only conjectures concerning actual war strategy. Both groups of "haves" and "have nots" are meantime preparing in other ways. England, for instance, has embarked upon a three-year plan for the erection of huge oil storage tanks throughout the island. France is concentrating on filling the nation with oil refineries instead. Italy and Germany are spending as much as they can in the world oil markets. Japan is both storing oil and completing a fleet of speedy tankers for gauntlet-running purposes.

It is indicated that such policies would help the lacking nations, if war came soon, only if it were of short duration. The transportation of petroleum on the seas would speedily become a perilous proposition. There would also be the possibility of nations like the United States maintaining a throttling neutrality.

The important test of gasoline-from-coal would come if the war became a drawn-out affair. Then the world would see, among other things, whether the scales of victory in the old rivalry between coal and petroleum can still turn back in favor of coal.

Liquefaction in Japan

OPPPOSITION to the seven-year plan to increase oil production, sponsored by Commerce and Industry Minister Takuo Goto, with special reference to coal, has been raised by the Japan Coal Association and Showa Company, reports Domei.

According to Vice-Admiral Godo's plan, 1,500,000 tons each of gasoline and heavy oil will be produced in this country by coal liquefaction, in 1943 for which 9,000,000 tons of coal will be needed. The coal would be equally supplied by Japan and Manchukuo.

His dependence upon Japanese coal is disliked by the association and Showa Coal because that much coal will be needed for heavy industries, which promise to become more prosperous yearly. The present mining capacity is not believed adequate to meet the situation.

The Government intends to encourage the coal liquefaction industry by giving grants to manufacturers to make up the wide difference in production costs between natural oil and liquefied coal.

ROLL-CALL ON TREATIES

THE following summary, from material compiled by Vance O. Packard, shows the more important international treaties signed since the War and their present-day status. Their lives have been short. There are now but vestigial remnants of the Treaty of Versailles, and the collective peace machinery erected around the League of Nations has been largely replaced by a series of bilateral alliances and near-alliances.

The Peace to End Peace

Treaty of Versailles: Of the conditions imposed upon Germany at the end of the War, only the colonial clauses remain intact; the territorial clauses are substantially so, save for that relating to the Saar which the Reich regained by the January 1935 plebiscite. Reparations ended with the expiration of the Hoover Moratorium in 1932. In October 1933 Germany resigned from the League of Nations and the Disarmament Conference; in March 1935 Hitler introduced universal conscription, defying the clause limiting the German Army to 100,000; in June 1935 the bilateral Anglo-German Naval Agreement abrogated the naval restrictions; in March 1936 German troops occupied the Rhineland, demilitarized by the Versailles Treaty; and in November 1936 Germany regained full sovereignty over her own territory by denouncing the clause internationalizing the German rivers.

Treaty of St. Germain: Austria was deprived of three quarters of her territory, forced to recognize Yugoslavia and Czechoslovakia and to cede Southern Tyrol to Italy; conscription was abolished, her army limited to 30,000 and her armaments to the output of one factory. All the military provisions have been exceeded, however, and Chancellor Schuschnigg proclaimed conscription "with or without arms" in April 1936.

Treaty of Trianon: Hungary became land-locked, lost two thirds of her territory, had her army reduced to 35,000, and was almost totally disarmed. She has not built up her army beyond the treaty limitations, but in 1928 and 1933 consignments of rifles and machine guns from Italy were discovered and in November 1935 Italy and Austria agreed to back her demand to rearm.

Treaty of Neuilly: Bulgaria was forced to reduce her army to 20,000, to surrender territory to Roumania, Greece, and Yugoslavia, and to restrict her armament to the output of one factory. She was a model treaty-observer until November 1935, when the Neuilly terms were denounced at a mass demonstration.

Turkish Treaty of Lausanne: By this, new frontiers were set for Turkey; she was forced to recognize the British annexation of Cyprus, and both sides renounced any claims to damages. The treaty is still intact.

Pacts to Preserve Peace

The League Covenant: Signed as a supplement to the Treaty of Versailles, it now has 58 adherents. Most of its vital provisions, however, have been evaded. Member nations have gone to war, treaty obligations have not been "scrupulously respected," territorial integrity has not been preserved, disputes are seldom submitted to arbitration, many treaties are not being registered, and unfair treaties, such as Versailles, have not been reviewed.

To its credit, the League can claim the settlement of the Corfu incident involving Greece and Italy in 1923, the Greek-Yugoslav frontier incident of 1925, the Colombia-Peruvian and Anglo-Persian disputes of 1933, and the crisis between Yugoslavia and Hungary in 1934 after the assassination of King Alexander.

These have been outweighed, though, by its failure to stop the Chaco hostilities, the Japanese invasion of Manchuria, and the Italian conquest of Ethiopia. Revision of the Covenant is now under consideration.

Optional Clause of the Statute of the Permanent Court: Since 1920, this has been signed by 42 nations, including Germany, all of whom agree to recognize as compulsory the Court's jurisdiction as to the interpretation of a treaty, any question of international law, and the existence of, and punishment for, any breach of international obligations. It is still in force—at least theoretically.

Locarno Treaties of 1925: The Security Pact, the most important of three pacts signed and ratified by Belgium, France, Germany, Great Britain, and Italy, guaranteed the status quo on the western German frontier. The pact virtually collapsed with the remilitarization of the Rhineland; efforts are now being made to revive it.

Kellogg-Briand Pact of Paris: Originally signed in August 1928, it has been ratified by more than 60 nations, who agree to renounce war as an instrument of national policy and to settle all disputes by peaceful means.

The General Act: Signed a month after the Kellogg Pact, it provides for the pacific settlement of disputes by conciliation, arbitration, and judicial action. Ratified by 22 nations, it is still in force but seldom utilized.

Spanish Non-intervention Agreement: France, Germany, Great Britain, Italy, and Russia agree not to give aid to either party in the Spanish civil war, and a scheme of international control went into effect on April 18. Despite flagrant violations, the agreement has been credited with having prevented or delayed a general European war.

Pan American Treaties: The Gondra Treaty of 1923, signed by 19 of the 21 American states, provided for voluntary conciliation. In 1929, two treaties for inter-American arbitration and conciliation were drafted at Washington. The Saavedra Lamas Anti-War Pact of 1933, adhered to by 30 states, restates the Kellogg Pact but substitutes "war of aggression" for "war as an instrument of national policy" and declares that territory gained by war will not be recognized. Two treaties, one protocol, and seven conventions were signed by 21 American nations at Buenos Aires, December 1936. The adherents promise to consult whenever peace is threatened anywhere; to form a united front in case of an American war; to unite against any intervention in the affairs of another American state; and to act together whenever American peace is disturbed. The provisions for neutrality, however, are not concrete.

From Paris to Moscow

Franco-Belgian Agreement: This military alliance, concluded in 1920, was reduced to a consultative pact in March 1936, and dropped when Belgium declared her neutrality in October 1936.

Franco-Polish Alliance: Made in 1921, it was badly shaken by the German-Polish agreement of 1933, but was recemented by General Rydz-Smigly's visit to France in September 1936.

Franco-Czechoslovakian Alliance: Signed in 1924, it has been weakened by German rearmament but still remains in force.

Franco-Soviet Treaty: After the breakdown of the Eastern Locarno proposals in May, 1935, the two powers mutually pledged armed aid in case of "unprovoked aggression" within Europe; it is limited to the actual violation of a signatory's territory. Although aimed at Germany, it does not exclude the adherence of that nation. Russia has recently sought to extend it into a military alliance.

France has also near-alliances, labelled as treaties of friendship and arbitration, with Yugoslavia and Roumania.

Russia has also non-aggression pacts with Turkey, Latvia, Lithuania, Estonia, Poland, and Italy.

Little Entente: Czechoslovakia and Yugoslavia joined with Roumania in 1920 and 1921 to form the Little Entente, linking themselves together by a series of three bilateral alliances, the object of which was to maintain the treaties of Trianon, Neuilly, and St. Germain, and hence their post-war territorial gains. German rearmament and economic penetration, the Czech-Soviet treaty of May 1935, and the Italian-Yugoslav agreement of March 1937 have weakened the Entente; nevertheless, it regularly asserts its unity.

Balkan Entente: The Pact of Balkan Understanding, by which Greece, Roumania, Turkey, and Yugoslavia mutually guarantee the Balkan frontiers, came into being in 1934 to replace the original pact of two years earlier.

Along the "Rome-Berlin Axis"

Rome Protocols: Initiated in 1934 and strengthened in 1936, these provide for political and economic cooperation between Italy, Hungary, and Austria and aim at bringing the latter two nations within the fascist bloc.

Austro-German Treaty: This agreement, concluded in July 1936, recognizes the independence of Austria and her right to freedom from interference in her domestic affairs. In that it also refers to both nations as Germanic, many see in it a deceptive prelude to *Anschluss*.

Italo-German Agreement: In October 1936, the two fascist powers agreed to collaborate in matters concerning their parallel interests, to defend European civilization against communism, to maintain the territorial and colonial integrity of Spain, and to cooperate in the Danubian region within the framework of the Rome Protocols and the Austro-German Agreement.

Berlin-Tokyo Pact Against Communism: Despite the suspicions of the anti-fascists, the German-Japanese agreement of November 1936 disavows any military alliance, and it is claimed to be directed against the Communist International as distinguished from Soviet Russia. It has proved unpopular in Japan and was partly responsible for the fall of the Hirota Government.

Italo-Yugoslav Treaty: The signatory powers agree that, for five years from the date of its signature, March 1937, they will respect each other's boundaries, remain neutral in the event of either being attacked by a third power, and seek agreement on common measures when their common interests are threatened. Representing an attempt to wean Yugoslavia away from the Little Entente, the success or failure of the treaty is not yet apparent.

IRELAND'S TRADE WAR

*The economic battle with England
ends just about where it started*

By WILLIS B. MERRIAM

AN ECONOMIC war may be almost as devastating to a national economy as a conflict with shrapnel and gas. A case in point is that of the trade war that raged from 1932 to 1936 between England and the Irish Free State.

The key to the misfortunes of Ireland is its geographical situation as a European outpost, near enough to England to enforce connection, but far enough away to discourage intimacy. Although a peripheral location and the growth of a distinctive culture have played an important part in Ireland's national economy, these factors by no means represent all of the story. Ireland's physical environment and resources have placed their stamp indelibly upon the economic culture pattern that has developed.

Physiographically Ireland consists of 32,000 square miles of area, made up of central plains, rimmed with hills both north and south. In the plains country, glaciation and heavy rainfall have resulted in poor drainage, bogs and shallow lakes, and a leached and acid soil, all somewhat inimical to most forms of agriculture.

Its climate is definitely temperate marine in type. Lying as it does directly in the path of warm southwest winds, temperatures are modified, resulting in mild winters and cool summers. Ireland receives rather more than its share of rain, the precipitation varying from 36 inches in the eastern parts to 60 or more on the west.

In spite of certain deficiencies, the best and almost only important resource is the soil. The few minerals and forests which Ireland possessed have for the most part long since been consumed. Coal and iron

are exceedingly scarce. Rural Ireland depends largely upon peat for a cheap home fuel. In spite of heavy rainfall, Ireland does not possess good hydro-electric potentialities. It has few good rivers, large enough or with sufficient fall to harness.

After Ireland was subdued by Cromwell in 1652, England rather boldly imposed her commercial system on Ireland. It is entirely possible, however, that even these historic features could have been overlooked or overcome had the island possessed an abundant natural wealth. Because of physical and climatic handicaps, Ireland's population has tended proverbially to outgrow its means of subsistence. Agricultural uncertainty and risk and lack of opportunity have combined to cause a great deal of political unrest, entirely removed from irksome English commercial policy. The historic solution to these problems in Ireland has been to migrate or revolt. Both have been indulged in in major proportions.

As Ireland stands today politically, Northern Ireland or Ulster, remains loyal to Great Britain and is content with an unaltered status. The Irish Free State comprises the balance of the island and since 1922 has held dominion status. The differences between the two are largely cultural. The estimated population of Ulster in 1934 was 1,280,000 as compared with nearly 3,000,000 in the Free State. In the Free State the Catholic faith claims 92.6 per cent of the population. In Ulster the number of Catholics according to the 1926 census, was 420,428. Protestants, chiefly Presbyterians and Protestant Episcopalians, numbered 836,134. It is this combination that has kept Ulster loyal to



Britain. It is significant, however, that Catholics constitute the largest single denomination even in Ulster.

As in the Free State, the dominant economic basis is agriculture. Production includes the typical northern root-crops and grains, potatoes, hay, turnips, oats, and flax in order of tonnage produced. Industry is centered at Belfast where linen and shipbuilding offer the main outlet.

The "Normal" Situation

Agriculture of a specialized and intensive nature is the keynote to the national economy of the Free State. Because of the cool, moist character of both climate and soil, root-crops are normally better adapted to Irish economy than cereals.

Taking as essentially normal the pre-depression average of 1926 to 1929, a cross-section of Irish Free State development would show that while only 73 persons out of every thousand were engaged in farming in England and in Wales, the Free State had 514 thus employed. Some 3,856,000 acres were under crops, or about 22.6 per

cent of the land area. Root-crops were the big standby—potatoes, turnips, mangels, and sugar beets, making up the bulk of production.

Most of the Free State consists of a grass-land environment; hence it is primarily a hay and grazing country. More than two-thirds of the available land is in pasture. The market for the beef and mutton produced is primarily England. Along with a grazed animal economy, the dairy industry has thrived. Irish butter has been sold to England and the continent for over a century.

Nearly every Free State farm has a few pigs. Pig production is almost a by-product industry, nevertheless some two million are marketed annually, and the pig is popularly referred to as "the gentleman that pays the rent." Poultry and egg exports complete the list of major agricultural products.

The chief manufacturing industries are centered around the preparation of dairy and meat products. The export trade consists almost entirely of products from the

farm. For these England, whose manufacturing centers are only 24 hours away, has long been the best market, taking 83 per cent of the total, with industrial Northern Ireland taking an additional 11 per cent.

Imports included foodstuffs which could not be produced at home: wheat, flour, corn, sugar, tea, a wide range of manufactured goods, and coal, 80 per cent of which were supplied by Great Britain.

The total commerce of the Irish Free State from 1926 to 1929 averaged \$210,000,000 in exports and about \$295,000,000 in imports. This definite excess of imports over exports even during a prosperous period indicates a distinctly unfavorable balance of commerce. It is true that invisible factors in the form of remittances, pensions, and tourist expenditures would tend to minimize this difference, but nevertheless the situation remains a source of economic hazard.

Trends Since 1930

Since 1930, however, the "normal" pattern of national economy has been altered quite radically. Obviously the basic reason for certain revolutionary trends in the past few years has been the world-wide depression. The Irish Free State, under the stormy De Valera government, has been inclined to blame Great Britain for everything and, acting on that assumption, has proceeded to attempt the development of a self-sufficient national economy, and break down a commercial pattern in which for years one general market—Great Britain and North Ireland—has supplied 70 per cent of the imports and taken 95 per cent of the exports. Some of the changes have been laudable; some have represented economic folly.

Attendant upon the world industrial and commercial slump in 1930, the buying power of Great Britain was sharply reduced. This loss of market was soon felt by the Free State. The results were drastically curtailed exports, falling prices in farm produce, unemployment, and an unsaleable agricultural surplus. There is no

doubt but what the Free State farmers were hit hard by the depression, and Great Britain, having unemployment problems and economic crises to meet at home, paid slight attention to the plight of the Free State farmer. Partly by habit and partly through a valid feeling of neglect, a wave of resentment against Great Britain began once more to rise.

Early in 1933 President De Valera and his Minister of Industry and Commerce, Sean Lemass, launched a plan to create an economically self-sufficient country. The first drive of the new plan was intended to stimulate the production of foodstuffs. A program of wheat growing was drawn up by Minister Lemass, which was to make the Free State independent of foreign wheat supply. He pictured Ireland dotted with new flour mills. Agriculture and industry were to be further helped by the establishment of beet-sugar factories so the country would be capable of producing all its sugar.

After foodstuffs, clothing was to receive the Government's attention. Mr. Lemass told the Federation of Irish Manufacturers early in March of 1933 that he would not be satisfied until all the men's clothing, boots, and shoes, and most of the women's clothing were made at home.

No longer were Irish houses to be built of British cement, slates, bricks, and tiles. Irish slate quarries were to be opened immediately, and brick, tile, and cement plants were to be started without delay.

Although granting the desirability of widening the base of Irish Free State national economy, even the most uninitiated could see that some of the proposed plans to make the country self-sufficient were out of accord with the most efficient economic adjustment to natural resources and environment. Nevertheless, during 1933 some outstanding advances were made. Three new beet-sugar factories were started and plans drawn for a cement factory and lesser plants for the manufacture of electric appliances, as well as an additional shoe factory, a paper mill and two new flour mills.

Coincident with this movement in the

direction of economic self-sufficiency came a serious decline in foreign trade. The Free State escaped the worst of the world depression until 1932. When the trade war began with Britain in that year, the first marked decline in commerce made itself felt. By the early part of 1933 the total foreign commerce of the country had declined about £18,000,000. A big increase in the number of unemployed was also noticeable. It was this situation that was the incentive for the national self-sufficiency plan. Encouraged by the apparent success of a few new industries and driven by the continuation of a depressed British market, De Valera continued in the direction of self-sufficiency and a declining commerce.

In order to balance the budget in the face of falling trade and revenue, it became evident in 1933 that the only way to stave off the unpopular course of increasing taxation was by utilizing the annuity money which the Irish farmers were paying to the British to buy back the land taken from them two or three centuries before. By the end of the year 1933, the Free State had withheld over £7,500,000 in annuities, while Britain through reciprocal penal duties against Free State produce, collected £5,572,000. If some £3,000,000 paid in bounties by the Free State be added to the duties collected by the British, it will be seen that financially the Free State gained little by withholding annuities.

Early in 1934 a trade emissary was sent from Dublin to Washington to investigate the possibilities of increasing direct trade with the United States. The Free State merchant marine (one ship) was sent to Boston. The usual mutual admiration procedure was indulged in, and both parties went their ways. The United States would be glad to sell to the Free State, but there did not seem to be much the United States wanted from Ireland.

With a continuance of effort to build new industry in the Free State during 1934, some radical changes were proposed in agriculture. A vigorous campaign was directed toward ridding the country of



Pix

AN IRISH BY-PRODUCT: The pig is popularly referred to as "the gentleman that pays the rent," and the farmers shown above are preparing for the landlord.

large-scale cattle raising. Government spokesmen indicated that the Free State must no longer be given over to the production of cheap meat.

Despite talk of diversification as indicated in the De Valera slogan, "Grow more wheat, beets, barley, and oats, and raise fewer cattle," the fact that the government was keenly aware of the loss of the cattle market is shown by the strenuous efforts made to find substitute markets on the continent. A few consignments of Irish cattle were shipped to Germany and Belgium, but no trade of any importance resulted.

Industrially, during 1934, progress to-

ward self-sufficiency continued. "Scarcely a week passes," wrote Hugh Smith, able interpreter of Ireland for the *New York Times*, on May 25, "without the opening by Minister Sean Lemass of a new factory in some part of the country. Production of clothing of all kinds is now almost above the country's needs."

After two and a half years of trade war, the Free State entered 1935 firm and unweakened in its determination to fight to a finish. To demonstrate the foreign commerce results of the war, the total imports have been reduced 57.6 per cent. Wheat reached its low in 1932. Since then, in spite of dreams of self-sufficiency in wheat, the import of this much-needed foodstuff has increased. The import of bacon and hams has been cut out entirely, but this merely means that with a badly reduced market the Irish are eating their own better quality pork products. Sugar import has been sharply reduced owing to a great extension of the home grown sugar beet. Coal from British mines also fell off. Unable to buy coal, Irish home-owners heated their homes with "patriotic peat."

Exports show an even more drastic slump, with a general decline of 74.7 per cent from 1930 to 1934. Cattle, the big agricultural export product, declined nearly 82.26 per cent, and some other products even more.

Probable Outcome

Obviously such a condition could not long endure in spite of nationalistic determination. In January of 1935 President De Valera's disposition to negotiate trade agreements was credited in the English press to the gravity of the Irish Free State's economic situation. The completion of what was termed the coal and cattle understanding between Great Britain and the Free State opened up a welcome change in relations. For President De Valera and his ministers to arrive at such an understanding, in view of their many declarations decrying the value of the British market, was no doubt a difficult task.

A remarkable feature of this understanding was the reluctance both governments displayed toward disclosing the terms of the pact. However, it was revealed that an outlet would be provided for 150,000 cattle in exchange for a free market for 1,100,000 tons of coal.

Again, in February of 1936, another significant trade agreement went into effect. This agreement gave the Free State farmers an increased market for cattle with an appreciable reduction in British penal duties on other classes of goods. The gains, however, were obtained only at the expense of conceding substantial monopolies to Britain, and in the agreement to pay up the annuities and other moneys withheld by the De Valera government.

The Free State has gained some things as a result of its nationalistic spree of the past five years, however. Its industrial base has been broadened; a change for the better in agriculture is evident. The larger cattle farms have been reduced in size, the remaining feudal holdings have been broken up, and more intensive and efficient methods of production have been introduced.

This toning up of agriculture will probably be of lasting benefit. One is not so sure about the future of some of the new industries. With a return of agricultural prosperity, already evident, buying power may be raised to a point where the industries will thrive. However, with a return of better economic conditions and their consequences, a lowering of trade restrictions, it is strongly to be suspected that many of the new industries, born in a wave of nationalism may prove to be so marginal that they will have difficulty competing with more favorably located plants.

By and large the Irish Free State's trade war of 1932-1936 will go down in economic history as a classic example of a nation that tried to stem the current of an almost deterministic economic set-up, and that, after struggling valiantly for four years, came ashore at just about the same spot where it started out.

YOUR FUNDS AND MINE

*Defects in our banking system are
threats to prosperity and stability*

By JOSEPH E. GOODBAR

YOUR funds and mine, on deposit in the banks, provide investment bankers with loans which they often use to buy up control in corporations for themselves. Frequently these corporations really represent your investments and mine. This is indeed financial magic, but the methods employed in this legerdemain are by no means uniform. Sometimes a holding company was organized, borrowed bank money to buy control, and then issued bonds which were sold to the public to raise money to repay the purchase loan. Of course, control was retained by the investment bankers. In other cases, control was acquired with borrowed funds—your deposits and mine—and repayment accomplished through profits partly collected from the corporation and partly realized through informed buying and selling of the stock on the stock exchanges. In nearly all cases, however, control was purchased with funds borrowed from the banks. It was essentially your funds and mine that were loaned to Wall Street, State Street, and La Salle Street, and which were used to concentrate there an increasing degree of control over the industries which our investments had created.

An example of the use of bank credit in gaining control, and of abuse of control after its acquisition, was given by Joseph P. Kennedy, former Chairman of the Securities and Exchange Commission, in an article in which he told of a group of New York investment bankers who in 1929 purchased a large interest in a leading utility for a high price. A corporation was formed one year later to hold this interest. *"About \$20,000,000 had been borrowed from banks to make the acquisition."* (italics mine)

Having acquired control, continued Mr. Kennedy, the group forced the utility to

pay dividends to them on its stock during the depression, although it was earning no profits. A large issue of notes was payable in 1935, but because the utility had been financially drained by these unearned dividends, it was unable to pay the notes when due. A five-year extension could have been secured easily, and at virtually no cost to the company, but the group in control adopted a procedure which ultimately cost the utility about a million dollars in expense, plus "commissions" of a half million dollars paid to the controlling investment banker group.

To prevent such practices, it has been proposed to abolish investment banker control over corporations—a proposal easier to suggest than to accomplish. Even if put into effect, it would not correct the fundamental defect of modern corporate organization: there is an inevitable separation of the management from the real ownership when voting stock is widely scattered. It is peculiarly difficult for managing officers who have little or none of their own money involved to feel a strong sense of responsibility to the nameless mass of anonymous investors who really own the company. Excluding bankers from control would not solve this problem, though it might improve the situation some.

Concealed within this sleight-of-hand banking practice, however, is an economic poison far more serious than the mere misfeasance of bankers in dealing with particular companies. It cannot be denied that, in the most favorable aspect, this borrowing of your funds and mine for the purchase of control in corporations puts the investment banker in a position to skim off a great deal of rich cream from the daily economic milk. More serious, however, is

the fact, which will shortly be made evident, that this process not only skims off the cream, but also poisons the milk at its source.

Preceding every financial crisis and economic breakdown in this country and in Great Britain, during the past hundred and fifty years, was a protracted period during which bank funds were loaned freely to finance speculation and investments. Essentially the financial process was the same then as now—banks funds were borrowed to buy land and securities and to construct houses, factories, railways, canals, docks.

In Great Britain, however, the banks long since have voluntarily ceased to make such loans, except occasionally and in comparatively small amounts. This shift was a gradual process, and represented merely the crystallized experience of observant and careful bankers. They had found that their losses from loans on new construction, and on fixed assets were larger in times of depression than their profits from such loans in good times. Banks that failed to learn the lesson ultimately failed, also, to remain solvent. Experience caused British bankers to limit their private loans almost entirely to borrowers desiring funds to finance the production and sale of such quickly consumed goods as food, clothing, and similar items. The restriction of bank loans to such "self-liquidating" purposes was followed, in England, by a great improvement in the stability of employment as well as of finance. The last bank failure in the British Isles occurred in 1878, and since 1866 that country has largely been free from extremes of booms and depressions.

Most of the attempted explanations of this superior safety of so-called "self-liquidating loans" on consumer goods have failed to reach the true distinction that sets them apart from loans on capital goods (fixed property). The most widely accepted explanation has been that the advantage of "self-liquidating loans" over other kinds of loans lies in their greater "liquidity." Since consumer-type goods come quickly to market, they are soon turned into money, thus providing prompt

means for repaying the loan. This, of course, certainly does make for liquidity.

American bankers generally accepted the idea that "liquidity" of collateral is the important element in determining whether or not a loan is suitable. They regarded the British as simply old-fashioned in adhering to the idea that "liquid" collateral must also be "self-liquidating." As viewed in this country, a "liquid" asset is one which is readily sold in the market. If salability be the test, then what could be more desirable, as security for a bank loan, than stocks and bonds listed on the security exchanges?

You will notice, then, that in Britain the banks look to the intended use of the loan and customarily refuse to lend their funds to private borrowers except for "self-liquidating" purposes. In this country the banks simply ask, "Is the security salable?" If so, they care nothing about the use the borrower intends to make of the funds. In this country, then, a broker or an investment banker has had no difficulty in good times in borrowing money to buy securities, or to underwrite a new issue of securities, while using as collateral the very securities he is buying! This monetizing of fixed assets is not encouraged in British banks. Recently we have imposed a percentage limitation—which impedes the process, but does not prevent it.

Transmutation of Gold

In America this transmutation of fixed property into liquid bank deposits—the equivalent of gold—reached its culmination when real estate bonds were invented—and were accepted by the banks as sufficiently salable to satisfy their ideas of "liquidity" in collateral. The cloistered alchemist of the middle ages, in seeking to transmute lead into gold, never dreamed of anything like this. Bricks, machinery and real estate—monetized by modern financial magic and transformed into bank deposits which could be exchanged for gold, and which had purchasing power equal to gold! This is, indeed, a veritable transmutation of base materials into gold—and it is part and parcel of the very process whereby

your funds and mine are used by investment bankers to acquire control over the corporations your funds and mine have financed and built up.

The trouble with such financial alchemy is that it disturbs the circulation of money and upsets the balance of our machinery of production.

Let us look for a moment at this money circulation, and find out why it cannot be disturbed without adversely affecting business in all its aspects. The term "money" is used in its broader sense, so as to include not only coin and bills, but also those demand bank deposits which are subject to transfer by the use of checks.

In a modern industrial society, economic activities are inseparable from the monetary flow. Aside from a few unimportant exceptions, every transfer of property, every performance of service for wages or salary, involves a payment of money at or near the same time. The movements of money through the economic processes accurately indicate the magnitude of the transactions that occur. If for any reason the financial mechanism fails to provide buyers with money to pay for their purchases, there is a corresponding impairment of business. Production and sales cannot rise higher than the total money supply that comes to the hands of all the people.

There is sufficient income, however, to pay for all we produce if all the money paid out in production, including the earnings of investors and of management, is permitted to flow back again as payment for services and goods produced. Trouble arises when this flow, in either direction, is disturbed.

A certain portion of this monetary flow comes to you and to me as our share in the earnings from this gigantic process of producing goods and services, and of distributing them for their equivalent in money. We retain our portion for a more or less brief interval of time, after which we return it again to the general stream in payment for the goods and services we desire most. If, however, we should for some reason fail to return all of our income to the monetary

stream, there would be a corresponding reduction in the amount of money paid back for the fruits of production. This smaller flow of money would not provide enough purchasing power to take up total production. Diminishing the flow of money causes a corresponding shrinkage in business and in employment.

Suppose you "save" part of your income. After you have paid all your normal living expenses, there is something left over. The aggregate amount of such savings is tremendous. Does such saving of money mean that you are taking money out of the monetary flow? Does it necessarily imply that production of goods and services will be curtailed? Or do these monetary savings find their way back into circulation?

If people treated their money savings as your dog does a bone and buried their money out behind the woodshed, money would be taken out of circulation and lead us in the direction of national bankruptcy. Money is not hoarded in this way, however, in the absence of fear that it might otherwise be lost. The natural instinct of saving is to acquire funds that may profitably be employed. The thrifty individual will either invest his money himself or put it in the hands of some savings bank or other financial institution to invest for him. In normal times, some kind of investment promptly occurs and this restores the money to circulation.

Savings and Economics

Savings of money do not possess reality or substance until they correspond to an equivalent supply of new capital goods. While the person who saves is usually distinct from the person who invests, there is nevertheless a set of economic forces which tends to produce equality in the amount of saving and of investment—provided the circulation of money is free from artificial disturbance. The economic need for new capital goods induces a corresponding stimulation and expansion in the volume of monetary savings. Some saving, it is true, is caused by a simple and natural desire to store up buying power against future need

and is not affected by the intensity of economic need for new capital goods. Nevertheless, a very large portion of our savings finds its motive in a desire for new homes, new business ventures, new income-producing investments. If the individual wants and needs new capital goods for his own use, he practices economy to acquire them. If the business leader wants funds to satisfy a new need for productive capacity, then he stimulates savings by the glowing prospect of profits which he holds out to investors. In response to the need and desire for new houses, improvements, and equipment, the volume of money savings necessarily rises and falls. The resulting total is a natural yardstick which indicates, with substantial accuracy, the amount of new investment needed to satisfy the economic appetite of our people.

If this be true, then the artificial injection of billions into the investment field, through the monetizing of fixed property by financial magic, means a gorging of the nation's economic appetite. Monetizing fixed assets has two highly disrupting effects. It inflates the prices of existing capital goods, and at the same time it creates an excess of competition that sooner or later destroys the earning power of existing capital goods. Artificially-induced new capital goods not only undermines and often destroys earning power of pre-existing businesses and investments but finds itself unable to earn its own fixed charges, to say nothing of profits or dividends. Once this situation has clearly developed, inflated stock market prices necessarily crumble.

Capital assets cannot be transmuted into liquid bank deposits without inflation in capital goods prices, and excess production of capital goods. No financial cathartic has yet been discovered which can rapidly and painlessly clear the economic system of any large amount of indigestible housing and equipment. You can't plough under every third factory or row of houses. The profits which first flooded the banks, from the use of their new technique in monetizing buildings and even land, were taken away with usury in the resulting crash. Theirs

was a technically successful surgical operation on the financial and economic world. A temporary miracle of activity ensued. But the patient died, a bankrupt, and his estate was unable to pay what he owed to the surgeon bankers.

Protecting the Future

Your future and mine cannot be separated from the future of our country. Nor can our country's future be separated from the consequences of financial policies practiced by our banking system. The liberal political institutions which we Americans have heretofore taken almost for granted are all predicated on a reasonable degree of economic security for the thrifty and the energetic. Unless we free our banking system from the defects which defeat the natural forces of stability and prosperity there is little reason to hope for the continuance of those liberal institutions, and perhaps no reason to desire it. Security in the opportunity to make a living is at least as important as security in the opportunity to vote. Both are heavily involved in the need for correcting the disrupting defects of American banking.

It would be undesirable to permit the monetizing of real estate and of other fixed assets, even assuming the only undesirable feature to be the fact that it occurs in the process of using your funds and mine for the advantage of investment bankers, who thus gain control of corporations in which they have little or no investment.

If the relationship between this kind of financial practice and the production of booms and depressions were clearly understood by the banks and by the investment bankers themselves they would probably cooperate in making the necessary changes in policy. Banks lost far more heavily during the depression than they profited during the preceding boom. They have no motive and no desire to promote economic disaster. But the possibility of convincing sixteen thousand separate boards of directors of this relationship is remote. The protection of your funds and mine properly lies in appropriate legislation.

INDIA IS THE PEASANT

*The Government may realize that it can
be no stronger than its own backbone*

By F. M. DE MELLO

WHO is India? Lord Linlithgow, present Viceroy and Governor-General, in a little book published some years ago, answered the question thus: "It may be said with truth that the ryot is India." Not the princes with their pomp and pageantry, nor the politicians with their problems and panaceas, nor the millionaires, merchants, and manufacturers; none of these, but the "ryot" or humble peasant. That far-sighted if domineering Viceroy, Lord Curzon, in a farewell speech delivered at Bombay in 1904, declared that "the ryot should be the first and foremost object of every Viceroy's regard."

But during the last thirty years, though the ryot has not been completely forgotten, he has not received the attention he deserves. The Government has been busy with politics—the appeasement of the clamorous few. The politicians are not, and probably never will be, satisfied. In the meantime the plight of the peasant is so bad that the Government is driven, for fear of a discontented uprising of the masses, to take action on all fronts to improve the Indian agricultural situation.

In their endeavour to impress the public the officials are not sparing of theatrical effects. To greet "the peasant's Viceroy," Lord Linlithgow, a mob of peasants from the Bombay Presidency was assembled at the Gateway of India. Thus was the chairman of the Royal Commission on Agriculture in India given an appropriate welcome on his return to the country as its Viceroy. In his first broadcast address to the nation—really to the fifty thousand or so who possess radio sets—the Viceroy spoke of his great interest in and solicitude for the peasant. Almost immediately he gave a couple of breeding bulls to the country to

improve the cattle, and a few days later made the shocking discovery that city children go to school without food. There were many speeches on nutrition and the awful lesson to be drawn from the fact that only 20 per cent of the people of India can be said to be well nourished. Other aspects of country life and agricultural conditions have come under review, and from time to time the Viceroy expresses his concern in speeches and addresses to conferences of Government officials and public bodies. Perhaps they will heed his word more than his report as chairman of the Royal Commission published in 1928. That report, running to 756 pages of acute observation and practical recommendations for improvement, was reverently buried in official pigeonholes and completely forgotten.

There is every reason why the report should now be exhumed and read sedulously by the officials. Not only does promotion and preferment depend upon it—and many gentlemen seeking honors and titles and success in business are following the Viceroy's example of making presents of breeding bulls to their neighborhood—but the political situation demands it. In spite of the much-vaunted benefits of British rule—taught in officially prescribed textbooks to school children—the economic condition of the people is deteriorating year by year. Loss of life in war has been saved by the *pax britannica*, but the loss of life by famine and imported epidemic and the slow starvation of people struggling desperately against nature are real menaces. The fall in commodity prices has intensified rural problems. There is growing discontent against the landlords and the money lenders which nationalist organizations are eager to divert against the Gov-

ernment. So the Government is forced to impress the people with what it is doing for them.

For the last hundred years, an economist tells us, the world has been fed below cost price, if we take into account the proper elements of cost. Whatever the applicability of this dictum to the capitalistic agriculture of western countries, it is without the slightest doubt true of Indian agriculture. Today the Indian cultivator produces at a loss. If we take into account the uncertainties of the monsoon, the frequency of cattle mortality, and the fickleness of prices, agriculture is not a paying proposition. The Indian sticks to it not because it is profitable, but because it is the only mode of life available to him.

Low Land Output

The net return from raising food crops is appallingly low, even in normal years, and with present prices it is often a minus quantity. Most of the area under cultivation today has been cultivated for hundreds of years and must have reached its state of maximum impoverishment many years ago. The ryot does not manure it partly because the fields he cultivates may not be his own and partly because cowdung, his cheapest manure, appears more valuable to him as domestic fuel. The vagaries of the monsoon are well known. There may be a drought one year and floods the next. Irrigation supplies a partial corrective. The Government has spent nearly 150 crores of rupees (one rupee, 36½¢) to bring about thirty million acres of land otherwise uncultivable under the plough. But in addition to unreliable water supplies there are hailstorms, frosts, wild animals, locusts, rats, and other pests to destroy crops. Then there are antiquated methods of tillage. The implements in use are primitive, like the wooden plough and the hand sickle. Threshing is carried out either by hand or by beating the grain on a piece of wood, or by oxen which trample the grain underfoot. The cultivator has no money as a rule for modern implements. The indiscriminate breeding of cattle, the spread of cattle

disease through lack of isolation and the practice of fallowing are other evils. The Indian's reverence for life prevents the extermination of inefficient cattle. So while the average weight of cattle in the United States is over 1,400 pounds we find Indian cattle weighing from 425 to 750 pounds.

So the Indian cultivator's difficulties, some of which are certainly self-caused, explain the low output of his land. India produces 13 bushels of wheat per acre compared to 31.2 in England and 39.0 in Denmark; 900 lbs. of rice per acre compared to 1,090 in the United States and 2,477 in Japan; 98.0 lbs. of cotton per acre compared to 141.0 in the United States and 353.0 lbs. in Egypt. An Indian economist has calculated that the average production per acre of British India, including irrigated crops, is only one-sixth that of Japan.

Upon this low production 350 million people have to be fed, and 70 per cent of them find employment. It is estimated that only three-fourths of an acre per head of population in British India is under cultivation for food. And it is expected that the population will be 400 millions in 1941. The situation is becoming serious. A few years ago an agricultural expert who examined a representative Deccan village found that only eight families had sufficient income from the land they owned; 28 families lived from hand to mouth, supplementing their income from sources other than agriculture; and 67 families were in hopeless destitution. Despite the Maharajas and millionaires who strut on the world's stage, giving the impression abroad of great wealth, India is the country of the poor. What the people eat is suggestive of their economic status. A research worker on nutrition, Colonel McCarrison, discovered some interesting facts when he investigated diets representative of people such as Sikhs, Marathas, Pathans, Gurkhas, Bengalis and Madrasis. He fed rats with these various diets, and he could at once see the difference between rats fed with the Sikh diet and those that had the Bengali diet. The Sikh rats were healthy, vigorous, and



Lionel Green

COMMON DENOMINATOR: *India's peasants not only suffer from the meagre productivity of the soil, but are harassed by the landlord, the money lender and the Government official. The home of the family shown above is an alley in Kali Gats.*

docile, but the Bengali rats were inferior in health and extremely irritable. So perhaps all the political trouble in Bengal is due to an insufficient diet!

The Human Equation

It is the human factor that is the most important, and yet it is the most neglected. The peasant, or ryot, works under the most heartbreaking conditions: not only does he suffer from the meagre productivity of the soil, but he is harassed by the landowner, the money lender and the Government official. The rapacity of the landlord, exacting his rent at all seasons, good and bad, the greed of the money lender who even falsifies his account books, when it is necessary to keep the ryot indebted to him for life, and the mercilessness of the Government official who sells the ryot out of house and home if the taxes are not paid are well-known features of country life. The ryot, ignorant, illiterate, improvident, is at the mercy of all his seeming friends. He has to bribe the poorly-paid official to do his duty. The official

has others above him with whom he has to share the loot, and extracts the uttermost from people who are such easy victims. The money lender charges anything from 25 to 75 per cent as his normal interest on loans, and causes serious loss by forcing the cultivator to sell his crop to him when prices are low. The landlord puts up his rent and benefits from the improvements of his tenants and the growth of population. So great is the oppression of the money lenders that land is rapidly passing from the hands of peasant-proprietors. In the Punjab alone the number of rent-receivers has increased within a decade from 626,000 to 1,008,000. Land reform is a crying need of the day, but the Government is not interested in it. A law was passed against usury some years ago but no attempt is made to put it in force. The vested interests are powerful indeed, and the Government is not too keen on disturbing them in the enjoyment of their gains.

It is no wonder then that the ryot should become fatalistic in outlook, living in the

present and discounting the future. This is evident from his extravagant habits. Life is so dull that when a wedding or funeral comes along, the opportunity is taken for a riotous celebration. Not having any savings of his own, the ryot has recourse to the loan shark, and thus begins the decline of many an honest and hard working cultivator. Indebtedness brings many miseries and finally the necessity of seeking work in the industrial towns.

All these conditions make for inefficiency, but the chief condition of inefficiency is bad health and lack of resistance to disease. India is subject to many epidemics, such as plague, cholera, and smallpox, but more devastating than these are diseases such as malaria, *kala-azar*, hookworm, dysentery, tape-worm, and tuberculosis. The Government organization of medical relief is of rudimentary character. People tormented by disease and unable to secure medical assistance for miles around do not make good agricultural workers or businessmen.

Illiteracy a Problem

The only hope of all-round improvement in the countryside lies in education. It is sad to relate that only eight per cent of the people of India can read and write. It is a hundred years since Lord Macaulay wrote that famous Education Minute and the East India Company was committed to introducing English education in India. And yet the result is so insignificant. But in 65 years something like 84 per cent of the Negroes of the United States reached literacy. Within 40 years Japan was able to educate the bulk of the population. And we are told that the best the Government of India can do in a century is to educate eight per cent of the people.

Of course, when more than half the revenue of the country goes to support the Army, and of the rest a great deal is paid in salaries to civil servants of various kinds, the amount left for education is very little. Every province has a compulsory education act, but it is only on paper. There is no money to make educa-

tion compulsory. The resulting ignorance and illiteracy of the people is a great handicap in their struggle for life and an insuperable bar to their improvement.

Whether it is the introduction of scientific agriculture, the organization of co-operative credit to eliminate the money lender, or improvement in hygiene and sanitation to conquer disease, India must wait until the people can be prepared by education to appreciate its utility. In the meantime the Government is trying some short-cuts. In the Punjab, for example, graduates of the agricultural colleges are being settled on the land at the public expense so that they may teach their neighbors how to improve production. In the Bombay Presidency there is a proposal to induce medical men to live in the villages by paying them a small stipend. The Government of India proposes in the near future to build a large number of radio stations to serve the countryside, much in the manner of Soviet Russia, for adult education purposes. The radio is, however, beyond the means of the average cultivator, and the Government will have to provide the receiving sets to the villages at the public expense.

Another great problem of the countryside is lack of employment. The agriculturist has at least three months of absolute rest in the year. There is further no attempt to save labor, and the land has to support a vast army of the unemployed who are useful only at the busy seasons of the year. Formerly this surplus population used to be occupied in the village crafts such as weaving, carpet-making, and metal work, but with the flooding of the Indian market by cheap goods from Britain and later from Japan, all local industry has been killed. India has a few large-scale industries, such as the cotton textile, iron and steel, and sugar, which exist only because of the protective tariff. They cannot provide sufficient work for the millions of the rural unemployed. And as public policy seems to be to keep India an agricultural country importing manufactured goods, even if agriculture is not

sufficiently paying to the people, industrialization is still in infancy. If there are no hunger marches and "bread or blood" demonstrations of the unemployed it is because the people have not begun to connect unemployment with social injustice. It was Mahatma Gandhi who first saw the necessity of secondary industries for the agricultural population. He organized the *khaddar* movement, encouraging people to spin in their spare time. But the political tinge he gave to the movement was unfortunate, for it aroused the antagonism of the Government. Today, however, the Government is itself trying to revive handloom weaving and other rural industries for the benefit of the cultivators who cannot get enough from the soil to live on.

Where the Money Goes

The prospect is, however, by no means hopeful. The bulk of the Government's finances, raised from the agriculturists and other poor classes, is spent on the civil services for the maintenance of law and order and little more. For example, in the province of Assam, 97.7 per cent of whose population is agricultural, only one per cent of the total provincial expenditure is allotted to the department of agriculture. The constitutional reforms which are to be introduced in 1937 are expected to cost some crores of rupees, in payment to members of the legislatures and to a new staff recruited to handle fresh political business. And yet the economic condition of the people does not show the improvement from which the additional taxes to pay this could be found. India used to have a favorable balance of trade, but now the balance is unfavorable. Without the exports of gold in the last five years India would have been in serious currency difficulties. The total quantity of gold exported by India since Great Britain went off the gold standard amounts, at the end of October 1936, to 2,868,687,910 rupees. The Indian woman is selling her jewelry, used as a savings account, to liquidate her husband's debts.

Nevertheless the bones are stirring. The

Government is feeling that passivity in the face of visible economic distress is dangerous. A grand gesture was made in 1935 in setting aside a crore of rupees from the central budget for rural development, and the gesture was repeated in 1936. These grants are little more than gestures, for the country is so vast and the problems so complex that two crores of rupees are totally inadequate for serious rural reconstruction. Most of the money is absorbed in the salaries and travelling allowances of the officers sent around to report on the scope for reconstruction. The provincial Governments are likewise getting busier of late, improving roads and water supplies, organizing the distribution of improved seed and implements, attending to cattle-breeding, eliminating pests, etc.

In the Council of State recently, Sir Phiroze Sethna, a Bombay financier, raised a debate on poverty and unemployment, censuring the inactivity of the Government in the face of the economic depression. His particular anxiety was that owing to this inactivity the socialists find discontented people to listen to their tirades on capitalism, and thus the ground is being prepared by Pandit Jawaharlal Nehru and his fellow-Congressmen for a social revolution. It is to be feared, however, that the length to which the landowners and money lenders are prepared to go to conciliate the poor is not much, and their hope is that if the Government organizes counter-propaganda all will be well. This is a mistaken notion. Though ignorant and without defense against the secret oppression of the upper classes, the Indian cultivator can understand a thing or two about the private ownership of land and capital and the evils resulting therefrom.

So far Pandit Nehru has been restricting his activities to the towns, but it will not be long before he reaches the countryside. The Indian peasant is suffering from the accumulated evils of centuries, and he is putting up as best he can with the burden imposed by the vested interests. But it would not take very long to throw off the traditional burden.

CURRENT HISTORY IN THE WORLD OF THE ARTS

The **CULTURAL BAROMETER**

By V. F. Calverton

THROUGHOUT the ages the career of the artist in literature, painting, sculpture, music, has been a most difficult and lonely one. A great genius, a Phidias, a Praxiteles, a Raphael, a Michelangelo, a Shakespeare, a Rodin, a Rivera may succeed without having to endure a great deal of the cark and crucifixion which most artists, even though richly talented and eloquently endowed with imagination and insight, have had to experience in order to achieve recognition and esteem. Without doubt, that cark and crucifixion forced upon the artist by a world obstinate to his talents, have resulted in denying every nation of much of the beauty and wonder to which it might have given birth. The artist, like every other human being, needs an appreciative environment to encourage his work. Although most generations have produced artists of unquestioned greatness, there is abundant reason to assume that every generation has killed just as many great artists who were unable to weather the poverty and obscurity which was their lot.

A most revealing volume could be written about the relationship between art and business, and also about the artist and his business propensity. One of the first things such a study would reveal would be that the artists who have succeeded have managed in the majority of cases to do so by virtue of their business associations, and that most great artists—a Michelangelo or a Diego Rivera are excellent illustrations—are good business men at the same time. In other words, an artist, however good or great, who has no business sense, has very little chance of achieving the distinction and acclaim which are his due. If, by some happy caprice, posterity smiles upon him, the hard-bargaining dealers and dubious art collectors may prosper as a result of his accomplishments.

What all this means is that through the ages the artist in every field has suffered from an insufficient market for his wares. The populace in general has dismissed if not scorned him, and the few who have been in a position to appreciate him, esthetically as well as economically, have been too few to support him in his endeavors.

Too many people forget that it has only been within the last hundred and fifty years, if that long, that the artist has attained a position of relative, and too often only dubious, respect in society. Even today, for that matter, most fathers and mothers would tend to discourage their children from becoming writers, painters, or musicians, because the life of the artist in their eyes is still a most precarious and questionable one. Bad as that attitude is, however, the attitude which prevailed in Shakespeare's day was worse. In that day, poets, for instance, were described as "the most unprofitable of His Majesty's servants." Treated as cooks, manufacturers of ephemeral confections to please the palates of their superiors, these men of spirit and song were regarded as "drunken parasites" and "beggarly wretches." "Thou callest me Poet, as a term of shame," exclaimed Ben Jonson. And the actors and dramatists who gave life to a literature whose diithyrambic beauty has never been surpassed were classified as rogues and vagabonds. The literary artist, in fact, scarcely ranked as high as an ordinary wage-earner in financial status, except that he could solicit the favors of the aristocracy and attain a security dependent upon the magnanimity of his patron. He had to pander if not beg to live. His economic status forced him to express the esthetic taste of the aristocracy. The earnings that a writer might derive from his work were comparatively infinitesimal. Without other aid, their

brevity was sufficient to eclipse his inspiration. Jonson, the most famous and successful dramatist of the day, the cynosure of Elizabethan Thespians, earned about £44 (in modern money) a year, and in truth, as he stated to Drummond, he "never gained £200 for all the plays he had ever produced."

The Elizabethan artist, like all the artists of feudalism, found the device of patronage his only escape from starvation. A few writers turned to acting, "the basest trade" as it was proverbially known, but the reward was so discouragingly small that patronage became the next resort. There were few other means left to the author whereby he could earn a living.

This practice of patronage, deeply rooted in the economic basis of feudal society, injured poet and dramatist. The Earl of Southampton, for instance, was Shakespeare's patron; Leicester, not with untainted purity, was Spenser's; Herbert (the possible W. H. of the sonnets) was Daniel's. It was the economic element involved in the relationship of the author to his patron that bred danger. Spontaneity was often transformed into sycophancy, and servility became a literary virtue. The author too often looked to his superiors for favor and commendation. This tendency speedily became a habit. Even so acute a mind as that of Francis Bacon solicited the King for "a theme for treatment" in this fashion: "I should with more alacrity embrace your Majesty's direction than my own choice."

Even Massinger in the Prologue to *A Very Woman* apologized for his subject by claiming that his financial needs kept him from refusing "what by his patron he was called unto."

Bad as this condition was in Elizabethan days, and bad as it continued to be for generations afterward, it was not very much worse than the condition which developed after patronage ceased. During those earlier days, artists found it possible to live only if they could find patrons to support them. Those artists who were not good enough business men to find patrons, and undoubtedly many good artists were not, had little chance of continuing or succeeding in their art. In later days, however, when artists began to work for a public market instead of a private one, which meant that the public instead of an individual became their patron, they found themselves faced with a different but not less grave difficulty. They

now had to become business men in a different sense. Instead of pleasing their patron they had to please the public, and very often the taste of the public was much less cultivated and much less inspiring than that of a patron.

The result was, and still is, that those artists succeeded whose works appealed to the public, whereas those failed whose works, however good, did not. Posterity might honor the latter but the present would not. When, as during times of prosperity, the public was affluent and the market was good, their chances of earning a livelihood were more favorable, but it is very doubtful if their chances of winning fame were very much improved. Artistic fame depended largely upon public taste and critical acclaim, and the latter was conditioned in the main by the contradictions and caprices of the former.

This unfortunate status of the artist has been familiar in every society, but no society has ever done anything about it. Many nations have been concerned with the construction of art-works, but none of them, prior to this century, has been interested in the protection of the artist.

U.S.S.R. and U. S. A.

It is to Soviet Russia and the United States that credit is due for being the first countries to reveal a national interest in all the arts. Statesmen in every modern nation have orated long and often upon the fact that their countries exalt art above everything else, but their words have never been anything more than political palaver. What Soviet Russia and the United States have done has been to convert such talk into action. They have not only proved that their interest in the arts is genuine, but, what is even more important, they have given the artist actual status in society. They have not only lauded artists as creators but, and what is much more substantial, have provided them with the economic wherewithal which is necessary for them to do their best work.

What Soviet Russia has done for the artist in every field is well known throughout the world today. The Soviet State considers art—and that includes every art—as important a part of its life as medicine, education, or science. Its writers, musicians, painters, sculptors, actors, are paid sums as substantial as those allotted to the non-artistic professions. It is practically impossible for a Soviet artist to starve, just as it is practically im-



WPA Federal Theatre Photos

NO CENSORSHIP: *The WPA Theatre has properly lambasted a number of alien idiosyncrasies. Professor Mamlock, played by Morris Strassberg, rests after a session with some storm-troopers in Friedrich Wolf's play.*

possible for him not to be able to find opportunity to publish, produce, or display his work. As all observers, hostile as well as sympathetic, have described, the Russian people, prodded by all the educational agencies of the state, are more vitally interested in art than perhaps any other people in the world at the present time.

In the United States today, under the ægis of the Roosevelt Administration, another development, of a not dissimilar character, has occurred. Realizing that the depression worked havoc with the artists as well as with the proletarians and the farmers, the Works Progress Administration, under the leadership of Harry Hopkins, has undertaken a series of projects in practically every art—drama, music, painting, literature—which has succeeded in giving the American artist a status in the community which he never possessed before. Today any writer, painter, musician, or actor, who finds it impossible to earn a living from his art, can get a job with a WPA project, in which, if he is at all gifted, he should be able to find a friendly medium for expression. Beginning simply as a means

of saving artists from starvation, the WPA art-projects—and in this connection Mrs. Franklin D. Roosevelt certainly deserves praise for being one of the first and most enthusiastic sponsors of this aspect of the WPA idea—have developed today into organizations of great potential significance. They have proved to be not only a means of feeding artists but also a means of encouraging and inspiring them with their work. Writing seems to be the only field in which the work assigned, interesting though it is from a historical point of view, is not conducive to the development of the talents of the respective writer. In time, no doubt, that difficulty, too, can be remedied.

In whatever ways the Roosevelt administration has failed to expend its monies wisely, and there are many, the WPA art-projects are a most brilliant and significant exception. They put the United States, along with Soviet Russia, in the forefront of the rest of the world in its concern for art and artists.

Dangers of State Subsidy

There is, of course, the danger, of which everyone is aware, that when a state begins to subsidize artists, it will force the artists to do its will. In that connection the Soviet State should serve as a warning omen, for there, despite the protection and privileges granted the artist, censorship has proved to be a grave impediment.

Ever since Stalin exiled Trotsky, and Trotskyists have been pursued and persecuted throughout the length and breadth of the Soviet State, artists of every variety have been forced to keep their work free from any Trotskyist suggestions or suspicions. Since the Stalin bureaucracy construes as Trotskyist anything and everything critical of itself, the result is that Soviet artists are forced to become spiritual yes-men of the Government. If in their work they violate the desires and dictates of the bureaucracy, the artists soon find that no chance of recognition and appreciation remains. Consequently, few artists in Russia in recent years have hazarded the condemnation of the government in any field whatsoever. This has been most unfortunate.

In the United States, on the other hand, relatively little governmental censorship has been intruded. To date the WPA art projects go about their work comparatively unhampered and unharassed by governmental surveillance, although they have been severely

hampered and harrassed by governmental red tape with all of its infinitudinous regulations and restrictions. In many of the projects, as a matter of fact, works have been produced which have satirized the Government and attacked by implication certain of the central conceptions of American society.

In the WPA Federal Theatre Project, with which the rest of this article will be concerned—next month I shall deal with several of the other Federal art projects—that danger of governmental censorship was “scotched” at the very start by Elmer Rice, the well known playwright, who resigned as New York Regional director when the government threatened to force a change in the character of the first Living Newspaper production, *Ethiopia*. Officialdom in Washington objected to the fact that Mussolini was attacked in the play, and insisted that the Federal theatre could not attack any representatives of foreign powers, and on that basis banned the play, whereupon Mr. Rice resigned. The excitement resulting from Mr. Rice's resignation was so great and the controversy revolving about it so wide-spread and intense that no attempt has been made by any governmental authority since that time to interfere with the work of the Project.

The WPA Theatre Project, which is now nationally organized under the nominal leadership of Harry Hopkins and the active leadership of Mrs. Ellen Woodward and Mrs. Hallie Flanagan, was begun on November 12, 1935. It has already had a two-year appropriation of \$13,400,000, which is now exhausted, but it is expecting another appropriation within the very near future. Its projects operate in 35 States, 28 of which have resident acting companies. Seven States—Wyoming, Montana, Nevada, New Mexico, Idaho, Utah, and Arizona—do not have enough unemployed actors to form such resident companies; they, therefore, borrow unemployed actors from the neighboring States for their plays. All told, the Federal Theatre has 150 actual producing companies in the United States, and has produced plays in 110 American cities, which have been attended by approximately 20,000,000 people.

The first play produced by the Project was a Negro drama, Frank Wilson's *Walk Together, Chillun*, which opened in New York City on February 4, 1936. Since the production of that play, it has staged 1400 other plays in various parts of the country, includ-

ing New York. One hundred of those plays have been written by writers on the Project. The average run of most of the Federal Theatre plays has been one month, although many of them have run for much longer periods. The original plan of the Project was to run plays for only three weeks, but the insistence of the audiences soon made it necessary to run plays for more extended periods. The production of *Macbeth*, for instance, had 144 performances, and was seen by 120,000 people. The first mass production staged by the Federal Theatre was *It Can't Happen Here*, a dramatization of Sinclair Lewis' novel by that name. *It Can't Happen Here* opened in nineteen cities on October 27, 1936, and was seen by practically 300,000 people. It played simultaneously in three New York theatres, and is still playing in various places.

Extensions of The Federal Theatre

One of the most amazing and revealing aspects of this whole development is that these plays have had as good runs and have been greeted with as much enthusiasm, in most cases, in the smaller cities, and even in towns and villages, as in the large cities. As a matter of fact, they represent the first attempt to bring the theatre back into its own in the smaller communities, where, prior to the Federal Theatre Project, the cinema had driven out the legitimate stage. In a few cities, to be sure, censorship difficulties were encountered, but in most of them the difficulties were not long-lived. In Plymouth, Massachusetts, for example, the play *Valley Forge* was banned because the Selectmen believed that the language of the drama was too degrading to be heard by a public audience, and in Chicago, Mayor Kelly banned Meyer Levin's play *Forty-Nine Dogs in a Meat House* for reasons which, although never stated, were no doubt similar. But such difficulties have been almost infinitesimal. What at first was a hostile press has today become a most friendly press, and whenever a Federal Theatre production is put on, the leading critics can be seen in the audience.

The best plays which have been staged by the Federal Theatre have been: T. S. Eliot's *Murder in the Cathedral*, Michael Blankfort's and Michael Gold's *Battle Hymn*, the best proletarian historical play of the decade, *Macbeth*, *Class of '29*, *Power*, *Sweetland*, *Follow the Parade*, *Triple A Plowed Under*,

The Devil Passes, The Tragic History of Dr. Faustus, Cellini, Oh Say Can You Sing?, Broken Dishes, and, of course, It Can't Happen Here.

Besides its regular work in the American-speaking theatre, the Federal Theatre has been active in the organization of non-American-speaking groups, where it has been concerned with winning over these racial minorities into a deeper appreciation of their connection with the American scene. It has three different Yiddish sections: the Anglo-Yiddish, the Intimate Yiddish, which is ably headed by Zvee Scooler, and the Classic Yiddish, directed by Harry Thomashefsky, who recently produced in his section Jacob Gordon's play *King Lear*, which became known as the Jewish *Abie's Irish Rose*. There is a German section, headed by Joseph Bonn, which has produced *The Broken Jug* and *Dr. Wespie*; an Irish section which has staged *Mr. Jiggers of Jiggerstown*, and various Negro and Spanish and Mexican sections. In Los Angeles, for example, the Federal Theatre has both French and Yiddish sections in active operation. In New England, two Italian theatres have been opened. In addition, there are from twelve to fourteen Negro companies located in various parts of the country.

But the work of the Federal Theatre doesn't stop there. It also has children's theatres, portable theatres for the amusement of park audiences, circus sections, marionette sections, and dance groups. More than that, it even co-operates with community centers and non-professional groups in a determined attempt to instill in children love for the theatre, and to help them realize their personalities in the plays produced. The Project today is active in 228 of such centers, making a total of 964 groups. Such groups have been active in giving performances, free of charge, in school auditoriums, hospitals, prisons, reformatories, and before welfare organizations. The marionette work in this connection has been most conspicuously successful; over 1,500,000 people have witnessed these performances.

Significance of the Federal Theatre

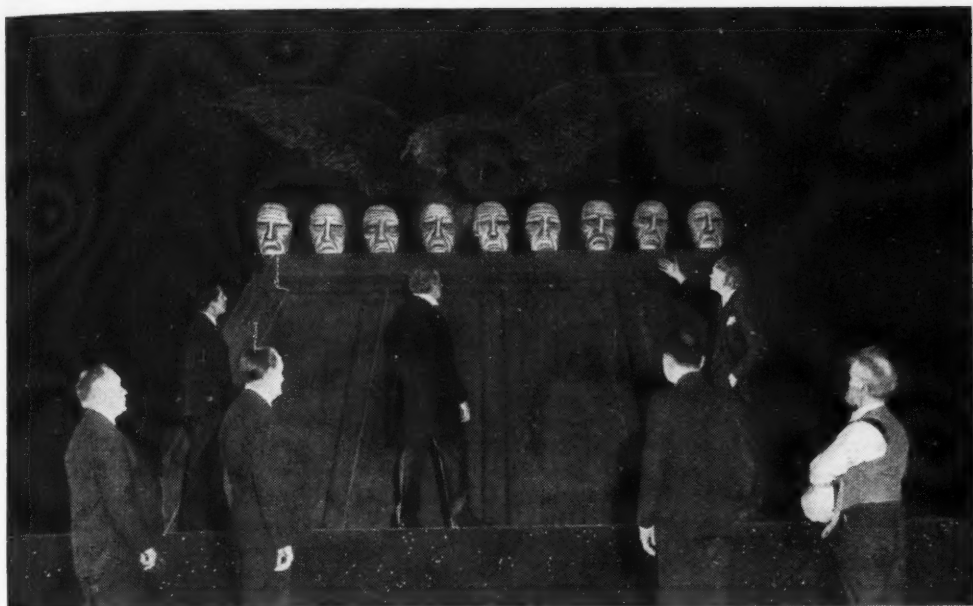
What is most arresting about all this work is the fact that it has inspired so many people with an interest in the theatre in all its compelling variety of forms. It has taken children and young adults off the streets and taught them how to use their leisure in a profitable sense; it has taught the public how to appre-

ciate vital drama, and made the theatre for it a living reality.

A good illustration of how the Project has managed to stir up interest in its work is to be seen in the experiment in Peoria, Illinois. There the Project began in a big tent, with vaudeville performances as its main medium of expression. The flash and fanfare of brass bands greeted every performance. After a time, however, the Peoria group put on *Uncle Tom's Cabin* and not much later began to stage ultra-modern Broadway plays. According to present plans, their next play will probably be *Johnny Johnson*. In other communities WPA actors can be found rehearsing in barns, in basements, in gilded hotel parlors, in studios—in fact almost anywhere. In Detroit, for example, the theatre company is using the only space available to them in that city—the marble and mahogany Federal Court Room. In Los Angeles, a hard wood mission house, once used by the ancient Spanish padres, is employed for that purpose. In Dallas, Texas, Robert L. Beasley and Benedetto Collie gave theatre performances in the parks, building their portable stage out of packing cases and carving their puppets with nothing more than a pocket knife, an old saw, and a screw driver.

In a few words, what the Federal Theatre is trying to do is to create the "theatre habit" in a large public, and at the same time to inspire the cooperation of thousands of people, in villages, towns, and cities, in creating a theatre which is truly and genuinely a people's theatre. Thousands of people are being trained daily for that end; 500,000 people, for instance, see Federal Theatre shows nightly of whom approximately 60 per cent had never seen a legitimate production before.

Part of the most interesting work done by the Federal Theatre is of a historical nature. One of the very best plays staged by the Project was *Battle Hymn*, a historical drama, written by Michael Blankfort and Michael Gold, which related in unforgettably vivid form the history of John Brown's crusade against slavery. Other plays of a historical nature, delving deep into the American past, are *This is my Country* and *Davy Crockett*, both of which plays, revolving about the theme of the Alamo, were produced in New York City and in Dallas, Texas. In California the Federal Theatre presents every week a sketch depicting the evolution of that State in hopes of encouraging the concept of historical drama.



WPA Federal Theatre Photos

WPA THEATRE SCENE: In many of the projects, works have been produced which have satirized the Government and attacked by implication conceptions of American society.

In New England the Barbara Fritchie motif has been exploited with great success. In Florida, in Louisiana, and in many other States, the Federal Theatre is making a definite attempt to excavate historical remains which can be converted into gripping drama. Few States have been unaffected and uninfluenced by these Federal Theatre experiments.

As Donald Kirkley, the well known dramatic critic of the *Baltimore Sun*, has stated, the "Federal Theatre has no counterpart in history." Mr. Kirkley adds that the Federal Theatre "has grown so fast that its far reaching significance as a social force is just beginning to be understood." Mr. Kirkley does not stand alone in his conviction. Many other dramatic critics, in both metropolitan and non-metropolitan areas, have concurred with his judgment.

Of course, there have been critics of the naively and sophomorically iconoclastic stamp, such as George Jean Nathan who described the Federal Theatre actors as "a lot of parasites" who "never acted outside the barn in the backyard or the family parlor." While the WPA organization cannot boast of leading Broadway stars on its roster, it can definitely boast of having put on dozens of plays of which no Broadway producer need ever be

ashamed. More than that, it has put on plays which this country desperately needed to see but which no Broadway producer had the "guts" or insight to produce. And as to the actors, to reply to Mr. Nathan's animadversion, there have been a number of most interesting and striking talents whom he should see before he repeats his remark—among which are Alexander Carr, Ian Maclaren, Frankie Bailey, Grover Burgess, and among the younger group, Orson Welles, Joe Cotton, Robert Bruce, and many others.

The one thing which the Federal Theatre lacks—and which all WPA Projects lack—is a sense of security and stability. The writers and actors connected with the Federal Theatre are worried constantly about the insecurity of their jobs. Over their heads hangs the threat of sudden dismissal, or, perhaps, the complete liquidation of the whole Project. So long as those fears remain, the Federal Theatre will never be able to realize its ultimate potentialities, which are so significant. Every one consequently should work to see that the Federal Theatre is put upon a sound and stable basis, secure in terms of the future as well as the present, for without that security the aim of the whole Project, already so richly inspiring, can never be accomplished.

The Realm of Science

BETWEEN five million and ten million cases of goiter exist in the world today.

Many eminent medical authorities are convinced that the time has come when this affliction and the train of complicating ills that sometimes follow in its wake could be erased from the face of the earth by the consistent application of an exceedingly simple technique.

New persuasiveness has been given to their contention by the survey recently completed in the state of Michigan by Dr. O. P. Kimball, who with Dr. David Marine first proposed the present method of goiter prevention in 1916.

Goiter is a swelling of the neck due to the enlargement of the thyroid gland. It is a human affliction older than written history. Juvenal, the Latin poet wrote, "Who wonders at goiter in the Alps?" Thus did the ancients recognize that goiter was most frequent in certain regions. Today we call them "goiter belts."

When enlargement of the thyroid gland is the only abnormal condition present, medical men speak of the condition as "simple goiter" or "endemic goiter." But there may be other abnormalities present, with or without the enlargement characteristic of simple goiter. It took the combined efforts of physiologists, physicians, and surgeons, working on both sides of the Atlantic for a century, to put together the complete picture.

It is now known that the thyroid gland is a storehouse of iodine. In the normal thyroid gland is a pinch of iodine, less than a thousandth of an ounce, perhaps enough to cover the point of the blade of a penknife. From this, the gland manufactures a powerful drug, or hormone, thyroxine. This hormone, in some way not known to medical science as yet, controls the rate at which the body uses oxygen and therefore the rate at which metabolism goes on.

The goiter belts of the world include the Alps, parts of the Andes, the Himalayas, and in this country the Great Lakes and St. Lawrence valleys, the region at the head of the

Mississippi River, and the Pacific Northwest. It is significant that these are all regions in which the soil and the drinking water, probably as a result of glacial action, are deficient in iodine.

It was first suggested in the nineteenth century that a deficiency of iodine in the diet was responsible for simple goiter, but the theory went unproved until the work of Marine and Kimball two decades ago.

What apparently happens when the amount of iodine in the diet is insufficient, is that the thyroid gland is spurred to compensatory action. The thyroid gland contains little sacs or vesicles filled with a glue-like or colloidal substance which contains the thyroxine. When there is a shortage of iodine, the gland apparently works overtime, attempting to compensate for the grade of its thyroxine by manufacturing more colloid.

As a result, the gland swells up. But if sufficient thyroxine is present to maintain a normal metabolic rate, the result is only simple or endemic goiter.

If, however, the iodine shortage is very severe or perhaps total, then another condition develops. In infants this condition is known as cretinism. If given no attention, the cretin fails to grow physically or mentally, becoming a dwarfed and feeble-minded caricature of a human being. But fortunately, if the case is recognized in time, medical science today can work a veritable miracle, restoring the cretin to normalcy by feeding him thyroid extract. But just as the diabetic patient is always dependent upon insulin, so the cretin is always dependent upon thyroid extract.

When the thyroid gland becomes inactive in adult life, a series of degenerative changes take place known to medicine as Gull's disease. Today this is also treated successfully with thyroid extract.

An opposition condition develops when the thyroid becomes too active, secreting too much thyroxine. This disease, marked by abnormally high metabolism, rapid heart, extreme nervousness, and wild, staring eyes is known as

exophthalmic goiter or Graves' disease. It can be treated successfully only by surgery.

The method of preventing simple goiter suggested by Marine and Kimball was to supply the iodine deficiency. The simplest method is by the use of iodized salt. Their method was first tried in Akron, Ohio, in 1916.

The Michigan State Health Department made a goiter survey in 1923 and in 1924 appointed a commission to introduce the use of iodized salt in the state. A survey of results was made in 1928 and another in 1935.

Dr. Kimball has just summarized the results of these surveys in a report to the American Medical Association. He finds that the incidence of goiter in Michigan dropped from 38.6 per cent of the school population in 1924 to 9.9 per cent in 1928 and that this was further reduced to 8.2 per cent in 1935. He is convinced therefore, as is Dr. Marine, that the incidence of simple goiter could be reduced practically to zero by the use of iodized salt.

They are likewise of the opinion that the incidence of cretinism and Gull's disease would be reduced at the same time.

Opposition to the use of iodized salt has been raised on the ground that where there was a tendency towards an over-active thyroid or Graves' disease, it would be aggravated by the use of iodized salt. But according to Dr. Kimball this is not the case. He reports that more cases of Graves' disease were found in families using ordinary salt in Michigan than in those using the iodized variety.

Graves' disease, or hyperthyroidism as it is often called, appears not to be a primary disease of the thyroid. Over-stimulation of the thyroid gland by the pituitary gland may be the cause. Some authorities, however, think that it is always preceded by the changes of the thyroid gland seen in simple goiter. Dr. Kimball's findings would seem to support this view.

New Atomic Particles

Physicists are awaiting eagerly to see what final interpretation shall be made of the new atomic discoveries of Dr. Carl D. Anderson and his colleague, Dr. Seth H. Neddermeyer, of the California Institute of Technology.

Dr. Anderson, it will be recalled, had already attained world fame by his previous discovery of the positron, for which he was awarded the Nobel prize last year.

Analyzing cosmic ray photographs made on the top of Pike's Peak, the two experimenters

found evidence of particles alike in every respect except that one sort was electrically positive and the other negative. What made them notable was the ease with which they penetrated thick layers of lead.

To date, scientists have been aware of five sub-atomic particles, the proton, the neutron, the positron, the electron, and the neutrino. Nuclei of atoms contain protons and neutrons. Electrons form the outer portions of atoms, revolving around the nuclei. Positrons are scarce on earth but abundant in cosmic rays. The neutrino is an elusive particle which seems to make a brief appearance in atomic disintegrations. It may be the product of such a smash-up.

Now if these particles are classified according to weight and electric charge, it is found that there are two positive particles, a heavy one, the proton, and a light one, the positron. There are two neutral ones, a heavy one, the neutron, and a light one, the neutrino. But there is only one negative particle, namely the light one or the electron.

If the positive particles noted by Anderson and Neddermeyer turn out to be the familiar proton, then the negative one must be the missing and long-sought heavy negative particle.

But there is another possibility. The weight of both the positive and negative particles may be midway between the proton and the positron. In that case, physicists must recognize the existence of a new category of sub-atomic particles.

Such a situation has not been anticipated. It would throw existing atomic theories into unbelievable confusion. But physicists may be in for that kind of a headache.

Since Franklin's Day

The American Philosophical Society has been meeting annually in Philadelphia since the time of Benjamin Franklin. Founded by that eminent patriot, statesman, printer, and scientists, it is America's oldest scientific society.

Meetings are held in the society's home at 104 South Fifth Street, Philadelphia. This building stands in the shadow of Independence Hall. Contemporary portraits of Franklin, Washington, and other patriots of Revolutionary days who combined an interest in science with their statesmanship, look down from the walls of the meeting room.

Present members, who include many of

America's most famous scientists, gathered for the annual meeting on April 22, 23 and 24. Much interest attached to the report made by Dr. L. G. Rowntree, director of the Philadelphia Institute of Medical Research, of experiments carried on with extracts of the thymus gland.

The thymus gland, located in the chest, is large in infancy, growing smaller at adolescence. Medical men have long debated whether or not it performed the function of a ductless gland, secreting a useful hormone.

Dr. Rowntree fed thymus gland extract to rats, continuing the treatment with their offspring through 15 generations. He found that the effect was accumulative, the rate of growth and development becoming greater with each generation and reaching its maximum in the seventh to the tenth generation. The young of such thymus-treated strains of rats are double the normal size in the early days of life and mature in from one-half to one-fifth of the time normally required.

He next tried removing the thymus glands from rats and found that their rate of growth was retarded.

Following this, he turned his attention to an attempt to find out what the growth-producing agents were in the thymus extracts. He reported that the studies indicated that they were glutathione, cysteine, and ascorbic acid. Experiments are now under way to see if the results obtained with thymus extract can be duplicated with the aid of these three chemical substances.

Other Spring Meetings

Other important scientific meetings in April included those of the American College of Physicians in St. Louis, the Federation of American Societies for Experimental Biology in Memphis, and the National Academy of Sciences in Washington.

At St. Louis, Dr. Harry Goldblatt, associate director of the Institute of Pathology of Western Reserve University, reported that permanent high blood pressure or hypertension could be caused in animals by clamping the artery to the kidneys. This is the first time in history that high blood pressure has been produced experimentally. The discovery is of significance because hypertension leads to arteriosclerosis, which in its turn leads to heart disease, kidney disease, and apoplexy, three dis-

eases which together cause one third of all the deaths in the United States.

Dr. John W. Williams of Cambridge, Mass., told the physicians assembled in St. Louis that women were ill one and a half-times as often as men but that they tended to live slightly longer than men. This, he said, was because their tissues were more resilient, enabling them to make better recoveries from disease than did men.

Dr. Bernhard Steinberg of the Toledo (Ohio) Hospital, speaking in Memphis, described a preparation named bactrogen which he said was of aid in fighting blood infections. Made from a special strain of bacilli coli, it is said to have the effect of increasing the number of white cells in the blood. These are the cells which fight infections in the blood stream.

The Buhl Planetarium

Pittsburgh is to be the fifth city in the United States to have a planetarium. Funds for it have been made available by the Buhl Foundation which has given \$750,000 for this purpose. This brings the philanthropic bequests from the Henry Buhl Jr. estate to nearly \$3,000,000 since 1928.

Chicago had the first planetarium, the gift of the philanthropic Max Adler. Countless visitors to the Chicago Century of Progress world fair considered the Adler Planetarium the most exciting part of the fair.

Philadelphia was next with the Fels Planetarium, built as part of the Franklin Institute. Then came Los Angeles with the Griffith Planetarium and New York with the Hayden Planetarium.

Snails Rival Orchids

Two snails with fragile, translucent shells as beautifully and delicately colored as gorgeous orchids have been described for the first time in history by Dr. Paul Bartsch, curator of mollusks of the Smithsonian Institution.

The new snails were discovered in Cuba by Dr. Carlos de la Torre. Cuba has long been famous for the great beauty of its land snails, but in some fashion these two had escaped discovery. One of the new snails has a shell ranging through a series of colors from pale yellow to orange buff, to deeper orange, to flame color. The other is a blending of ivory, olive green, lemon yellow, and orange.

DAVID DIETZ

Highlights of the Law

THIS is the time of the year which by common consent has long been set aside in this country for discussions of international and comparative law. The American Society of International Law, meeting in Washington at this season, finds itself in the midst of a juridical atmosphere generated and soured by meetings of the American Law Institute, the Committee on International and Comparative Law of the American Bar Association, the Pan American Commission of Jurists for the Codification of International Law, the Friends of the Law Library of Congress, and other venerable guilds of coif-wearers.

It is but natural and most appropriate that the keynote of the 31st annual meeting of the American Society of International Law should be sounded in an address on the late Elihu Root, dean of American international lawyers, delivered by James Brown Scott of the Carnegie Foundation for International Peace, who is, in a sense, the spiritual successor to this side of Elihu Root's many-sided nature. Likewise, in a world torn with apprehension, it is fitting that the meeting should be largely devoted to matters affecting the international law of war and neutrality.

Let Us Have Peace

The most significant developments in the past "fiscal year" of international law in the United States have been stalwart efforts to stem the flow of circumstances threatening the security of our world, foremost among which has been the gathering of the good neighbors at Buenos Aires. Congress has worked hard on the baffling question of a permanent neutrality law and policy. The Supreme Court has strengthened the hand of the President, in the classic *Curtiss-Wright* case (December 21, 1936), in which it said "The powers to declare and wage war, to conclude peace, to make treaties, to maintain diplomatic relations with other sovereignties, if they had never been mentioned in the Constitution, would have vested in the Federal Government as neces-

sary concomitants of nationality." And, furthermore:

Not only, as we have shown, is the Federal power over external affairs in origin and essential character different from that over internal affairs, but participation in the exercise of the power is significantly limited. In this vast external realm, with its important, complicated, delicate and manifold problems, the President alone has the power to speak or listen as a representative of the nation. He *makes* treaties with the advice and consent of the Senate; but he alone negotiates. Into the field of negotiation the Senate cannot intrude; and Congress itself is powerless to invade it. As Marshall said in his great argument of March 7, 1800, in the House of Representatives, "The President is the sole organ of the nation in its external relations, and its sole representative with foreign nations." (The word "makes" was italicized by the Court.)

It is important to bear in mind that we are here dealing not alone with an authority vested in the President by an exertion of legislative power, but with such an authority plus the very delicate, plenary and exclusive power of the President as the sole organ of the Federal Government in the field of international relations—a power which does not require as a basis for its exercise an act of Congress, but which, of course, like every other governmental power, must be exercised in subordination to the applicable provisions of the Constitution. It is quite apparent that if, in the maintenance of our international relations, embarrassment—perhaps serious embarrassment—is to be avoided and success for our aims achieved, congressional legislation which is to be made effective through negotiation and inquiry within the international field must often accord to the President a degree of discretion and freedom from statutory restriction which would not be admissible were domestic affairs alone involved. Moreover, he, not Congress, has the better opportunity of knowing the conditions which prevail in foreign countries, and especially is this true in time of war. He has his confidential sources of information. He has his agents in the form of diplomatic, consular and other officials. Secrecy in respect of information gathered by them may be highly necessary, and the premature disclosure of it productive of harmful results. Indeed, so clearly is this true that the first President refused to accede to a request to lay before the House of Representatives the instructions, correspondence and documents relating to the negotiation of the

Jay Treaty—a refusal the wisdom of which was recognized by the House itself and has never since been doubted.

Even the purely commercial policies of the day have been designed with a view toward the advancement of world peace. The reciprocal treaty program has a two-fold object, i.e., (1) the reciprocal reduction of trade barriers, and (2) the removal and prevention of discriminations against national commerce, both objectives to be achieved through the method of bilateral agreements based upon the unconditional most-favored-nation principle. The result bound to flow from the success of this policy is true "economic disarmament," and the close connection between it and effective military disarmament is self-evident. During the last twelve months additional reciprocal trade agreements have been put into effect with France, Finland and Nicaragua, and one was signed with Costa Rica. By an exchange of notes with Ecuador a *modus vivendi* has been established providing for most-favored-nation customs treatment. The existing agreement with the Union of Soviet Socialist Republics was extended another year (to July 13, 1937), and that with Estonia was extended to May 22, 1937.

A Whale of a Treaty

Congress passed "The Whaling Treaty Act" (Public No. 535, 74th Congress) to assure our adhesion to the Geneva convention of 1931. Anyone seeking a knowledge of that part of the sciences of biology, natural history, oleaginous chemistry, and industrial economy relating to the giant mammal of the deep, Behemoth, can cast aside encyclopedias and voluminous texts and simply read this Act of an omniscient Congress. From it he will learn that there are many kinds of whales, including porpoises and dolphins, the cavalry of Neptune. There are blues or sulphur-bottoms, finbacks, humpbacks, bowheads, and other "right" whales, and they are sometimes accompanied by broods (perhaps litters) of calves or suckling whales. If you spy a cavoring sulphur-bottom less than 60 feet long it is by this law conclusively deemed to be a calf and a minor protected from the chase. In fact this law declares it unlawful to kill any gray whale for sport alone, and unless the huntsman proceeds at once to turn his bag into oil, meat, bone, meal and fertilizer, leaving only a grease spot, some maritime game warden will be asking embarrassing questions

about his license with the proper stamps affixed. Under the title "Illegally captured whales; disposition," the Act wavers a little, providing that forfeited whales shall be "disposed of as directed by the court having jurisdiction", as if the court had not troubles enough already.

A treaty of entry, establishment and residence was entered into with Greece, and an agreement was made with France for co-operation in suppression of customs frauds. Admirers of Leo Carrillo's film *The Gay Desperado* will applaud the agreement with Mexico for the "Recovery of Stolen Motorvehicles, Airplanes, etc." The agreement apparently does not pretend to affect well settled principles of law obtaining along both sides of the border relating to stolen horses.

A statesmanlike gesture was the Hull-Castillo Najera agreement rescinding article VIII of the Gadsden Purchase treaty, by which the United States acquired from Mexico in 1853 a strip of territory along the southwestern border, a pathway for the transcontinental railroad. Article VIII granted to the United States the right to construct "a plank or railroad" across the Isthmus of Tehuantepec in southern Mexico, a project which thereafter died a natural death. Its cancellation removed a thorn from the side of Mexico and a mote from our own eye.

The carriage of goods by sea, notwithstanding the passage of a new and comprehensive Act (Public 521, 74th Congress), is still the subject of consideration, since the Act appears to have some points at variance with the International Convention for the Unification of Bills of Lading which has been ratified by the Senate but not yet proclaimed by the President, so that certain adjustments are indicated.

Industrial and Intellectual Property

"Intellectual property" comprises those rights generally protected by copyright laws. Copyright legislation is fairly uniform in content everywhere, but, as may be seen in a collection of English translations of the laws of all countries recently released by the Department of Commerce (*Copyright Protection Throughout the World*, compiled by Leo J. Koepfle, Division of Commercial Laws), the separate laws differ widely in form and detail, which makes unduly complicated the problems of the American publisher, author, broadcaster, motion picture producer, gramophone record producer, and other creators of artistic

literary, dramatic, and musical property, who are obliged to seek protection of their interests abroad. There is now pending ratification by the Senate of the International Copyright Union convention, which now binds all the principal nations of the world except the United States. Its main provision is the establishment of copyright without formality, copyright existing by virtue of the creation of the work, without notice and without registration. Each country party to this convention is bound to accord to the authors of the others (and their assignees) this automatic copyright, and that is the chief reason why the convention, to which nearly 50 countries and, separately, many colonies are parties, furnishes the most complete copyright protection now available, or of which there is any prospect.

Heretofore it has been possible for many Americans to secure the benefits of the convention by simultaneous publication in Canada, which is a member of the Union, but recently a Netherlands court, in a case affecting a contributor to *Collier's Weekly*, decided that such "constructive publication" was not sufficient to satisfy the law. If other European courts follow the Netherlands decision, Americans will probably cease to enjoy Union rights until such a time as this country adheres to the convention.

On the face of it there would appear to be no obstacle to prompt ratification of the convention, but hearings before Senate committees during the past few weeks revealed that several affected industries, including broadcasters and motion picture producers, would defer ratification until after the modification of our national copyright laws to conform to the provisions of the convention, now proposed in the Duffy Bill. It is hoped that both questions may be settled at this session of Congress.

Industrial property is frequently mentioned in the same breath with intellectual property, and, indeed, generally speaking, it may be said to include all the rest of the body of intangible, law-created franchises of the business world, especially trademarks, patents, and rights of protection against unfair competition. Although there has been no important event in this field, the whole panorama of this highly developed international subject has been lately summarized in a book (*Industrial Property Protection Throughout the World*,

by James L. Brown, Washington, 1936, Government Printing Office, 20 cents) published by the Department of Commerce. For this incredible price, the businessman may have at hand an authoritative guide to the multiple problems he must constantly tackle in protecting his "industrial property" in all countries. Since great industries whose chief stock in trade is the goodwill engendered around the globe by famous brands are common phenomena of business, it is not surprising that successive printings of this study have gone with the wind.

Men, Events, and Books

In Washington Dr. Pedro de Alba, jurist and writer from Mexico, became Assistant Director of the Pan American Union in place of Dr. Esteban Gil Borges, now Minister of Foreign Affairs of Venezuela; Dr. Gil Borges has published during the year three works on implementing the law of peace. At the Carnegie Foundation a translation is being made of the seven volume work on private and public international law by the eminent Bustamante y Sirven of Cuba, the last volume of which, dealing with International Penal Law, has just been received. A section on coercion by "el boicot" is an innovation in treatises on this subject. The election of Professor Manley O. Hudson as a Judge of the Permanent Court of International Justice assured the continuance of a tradition started by John Bassett Moore, Charles H. Hughes, and Frank B. Kellogg.

In the *Comparative Law Series, A World Review of Laws Affecting American Foreign Commerce*, which the Department of Commerce began to publish monthly last August, several topics of interest have been discussed factually, including the withdrawal of the United States and other powers from the Egyptian extraterritoriality capitulation, the Pan-American Declaration of Juridical Personality, the unification of documentary credit practice, and the definition of common trade terms. Of special interest was an article in the February number on "The Object, Nature and End of Comparative Law in the United States of America" by the Committee on Foreign Law of the Association of the Bar of the City of New York.

GUERRA EVERETT

On the Religious Horizon

AMONG the most interesting items of religious news during the past month were several dealing with new modes of travel for missionaries. Bishop Pierre Fallaize, Catholic prelate of the Arctic, came to New York to buy a new plane to facilitate coverage of his "parish," a diocese consisting of some 600,000 square miles. The new airplane will carry five passengers and hold 1,300 pounds of freight. "The flying Bishop," as he is called by many, explained that the airplane is invaluable in carrying the sick to widely separated hospitals and is the only practicable method of reaching his parishioners.

The Rev. Christopher Sullivan, a Yonkers priest, has outfitted a \$1,025 trailer which he had named "The Mission of the Divine Child." He plans to take it to China in June, where he will use it to make a 20,000-mile tour of Shensi Province. His trailer, containing an altar, a dispensary, and living quarters, is equipped with a loudspeaker, through which music and addresses may be heard by a larger audience than would be possible otherwise.

David Griffin, son-in-law of the Rev. Paul Raider, Chicago evangelist, and Hubert Mitchell of Los Angeles are preparing for a 20,000-mile tour of Asiatic and African frontiers in a three-wheeled motorcycle truck. They have been assigned by an interdenominational missionary society to chart the extent of Christianity in portions of Asia and Africa never visited by missionaries. From Singapore their route will take them through the Malay States, Burma, Tibet, across the Khyber Pass and through Persia, and finally across the mid-section of Africa.

The Rev. Dudley S. McNeill, young Elgin, Illinois, Episcopal priest, has resigned his parish in Libertyville to go as a missionary to the sparsely settled southwestern section of Wyoming, where there are only three Episcopal Churches in an area of 40,000 square miles. His problem will not be how to get the people to church, but how to get the church to the oil-diggers, ranchers, and min-

ers scattered over the countryside. Making his headquarters at Evanston, Wyoming, and accompanied by his wife and their two-months-old baby, the Rev. Mr. McNeill plans to cover his territory by automobile. Assisted by a Libertyville cabinetmaker, a harnessmaker, and a dentist, he has made what he describes as a "complete church in collapsible form." Packed for travelling in a suitcase, the altar measures three by two feet and is carried in one hand, while in the other the minister carries collapsible legs on which the case is set. (The dentist and his drills were enlisted to execute the fine carving of the elaborately carved altar of walnut.)

In somewhat similar manner the Rt. Rev. Henry W. Hobson, Episcopal Bishop of Southern Ohio, plans to make an automobile trailer the official seat of his diocese. As *The New York Times* remarks, "Any Church containing a Bishop's chair is a cathedral." The Bishop said that if he were to start building a new cathedral he would not know where to put it. "It might be in entirely the wrong location fifty years hence." He made his plea for "an automobile cathedral," not only on the grounds of prudence, but even more because of the desirability of making it possible for all his "diocesan parishioners" to attend the cathedral.

While appearing on the surface to be very modern, Bishop Hobson's proposal is in reality only a plan to bring up to date the missionary methods of the past. The Jesuit missionaries first covered the territory of Southern Ohio in canoes. They in turn were followed by the itinerant preacher, or "circuit rider." And one thinks back instinctively to the missionary travels of St. Paul, on foot, by caravan, and by boat. All these apparently novel "missionary methods" are merely the attempts of modern men to avail themselves of the advantages of present-day fast transportation.

Even (or perhaps we should say especially) the Godless League of Russia is using all methods at its disposal to aid its "missionaries" to spread atheism. The radio, the movies, the

press—all are being used to combat religion and to spread the doctrine of atheism throughout the land. One must be careful in evaluating any news items emanating from the land of the Soviets. It is hardly possible, for example, that religion could be so nearly "dead" last September, and now be revived to such a point that a new war on religion must be waged. Latest reports are to the effect that 30,000 churches will be open on May 2, for the celebration of the Russian Easter, and that one half of the people are still believers. Last fall, according to Soviet sources, religion was dead; today it is very much alive. Perhaps the truth lies somewhere between the two extremes. Religion has a reputation for a slow and lingering demise, if indeed it ever does die completely. This writer does not recall any period in the history of any nation when there was no religion to be found, when no one believed in any kind of deity. And, to quote Patrick Henry, "I know of no way of judging the future save by the past."

Protestant Unity

A "Commission for the Study of Christian Unity" was created by the Federal Council of Churches of Christ in America at its April meeting. Dr. Samuel McCrea Cavert, general secretary of the Council, in announcing the creation of this Commission, said:

"The appointment of the Commission would emphasize the fact that there is a real desire to move in the direction of some larger integration of our Protestant forces than now exists. Since it is obvious that there is as yet no general agreement as to the solution of the problem, the Commission's primary method should be that of objective study and research. Any final decision would, of course, rest with the churches themselves, the Council's function being strictly exploratory and advisory." (The farewell sermons of Dr. Stanley Jones, and the appeals of Mr. John D. Rockefeller seem to give promise of bearing fruit.)

Canada is looking forward to a Federation of Canadian Churches similar to the Federal Council. Plans for such an organization have been sent to the heads of the Anglican, Baptist, Presbyterian, and United Churches, the Church of Christ (Disciples), and the Salvation Army. Among other aims, it is hoped that this will be a means of formulating a united front on questions like war and temperance and for national preaching missions, similar to the one conducted last fall in the U.S.

The Commonweal, April, page 724, has the following item of especial interest (under "Non-Catholic Religious Activities"):

"Educators in Birmingham, Alabama, are much pleased with the working of the Chattanooga plan of religious instruction now in operation in their public schools. The various churches pay the teachers who are appointed by the Board of Education on the basis of general educational qualifications as well as their ability to instruct in religious matters. Classes are held in the city's public schools, but they are elective, and students not interested in this instruction may devote the time to other subjects. Parents have the deciding voice as to their children's religious instruction."

Church Help for van Zeeland

Religion, in the person of the Cardinal Archbishop of Malines, played an important part in the recent elections in Belgium. Léon Degrelle, pamphleteering young leader of the Rexist Party, ordered one of his men to resign from parliament and announced his own candidacy for the post, thus challenging the government of Premier Paul van Zeeland, who thereupon elected to stand for the same office. The deciding factor in this hard-fought election was the pastoral letter of Cardinal Monseigneur van Roey. Many Belgian Catholics had planned to cast blank ballots because Socialists and Communists were voting for van Zeeland. They were told that such ballots were undesirable. "We are convinced that the Rex party constitutes a menace for the country and the Church." The results of the election were: van Zeeland polled 76 per cent of the votes; Degrelle 19 per cent; and 5 per cent bore no name at all.

Jewish Fears in Italy

Jewish communities in Italy are beginning to be really worried as to what the future may hold for them. In the past they have enjoyed a degree of freedom from social, racial, and religious prejudice that has been equalled in few other countries. Never the object of the cruel repression or oppression that has been their lot in other countries, they are beginning to fear that the example of Nazi Germany may ultimately influence Fascist Italy. Only a few newspapers have taken an active part in anti-Semitic campaigns. The Government has never given any indication that it shares the views such newspapers express. On the whole the Italian people have no particular feeling

against Jews. And yet the Jews of Italy are beginning to have serious fears about the future. Why?

On April 9, the newspaper *Tevere*, always prominent in the sporadic anti-Semitic campaigns of some Italian newspapers, gave a whole page to the publishing of what purports to be the most complete existing list of Italian-Jewish surnames. The object of this "full page ad" is somewhat of a mystery. Viewed in its relation to other instances of animosity against Jews in the Italian press, it would seem probable that *Tevere* intends to suggest that persons whose names appear on the list are doubtful (or even bad) Italians, to be regarded askance by the mass of the population.

Church Troubles in Germany

German religious news has been "in the paper" almost every day during the month. Among what seem to be the most significant incidents reported are:

The Protestant elections have been postponed, at least until the fall. German Protestantism protested so vehemently and so effectively against almost everything connected with the proposed election that Der Fuehrer decided that the wiser course would be to postpone the critical moment until other things had been arranged. The "protesting" reached a climax on April 24, when, in Darmstadt, more than 1,000 Protestants demonstrated for four hours against police efforts to suppress a Confessional Synod meeting which had been forbidden. The overflowing churchful of Protestants, augmented by additional thousands in the streets, created so serious a situation that the police withdrew, leaving the field to their more numerous and more vociferous erstwhile "enemies." But the end is not yet.

Turning its attention to the Catholic Church, the German Government on April 13 delivered a note of protest to the Vatican in reply to Pope Pius's Palm Sunday Encyclical, which accused Germany of having violated the 1933 Concordat. The high points in the synopsis of the note to the Vatican are:

The community is protected by German laws that allow no room for particularist movements; the Reich will not tolerate any interference with its internal life; and, peaceful development, which as ever is desired by the Reich, will depend on the future attitude of the Vatican and on the capacity of the

Church to adjust itself to present conditions.

Catholic attorneys, meanwhile, were informed that the Chancellor had ordered the resumption of trials of priests, monks, and nuns on charges of having violated the foreign exchange laws.

Having convicted the Rev. Joseph Rossaint on a charge of "preparation for high treason" (along with two other priests and four laymen), Nazi officials, through their party organ, *Der Angriff*, demanded that the Catholic Church unfrock the chief defendant, Fr. Rossaint. Referring to him as a "proved enemy of the state," the paper said that it was waiting with great interest to see what the Church will do. Fr. Rossaint was sentenced to eleven years in the penitentiary.

Celibacy, one of the prime requisites, not only of the Roman clergy, but also of its nuns and monks, was assailed by Dr. Wilhelm Hartnacke as "depriving 32,000 German men of the right, as fathers of families, to present children to the German nation" and also as affecting more than double that number of German women, who, as nuns, do not marry.

The Germans, with their characteristic thoroughness, did not neglect the Jews. An unexplained police order banned all Jewish meetings, except the gatherings of worshippers in synagogues, for 60 days. Even if only four Jews gather, police may disperse them. All inmates of B'nai B'rith lodges (old age homes, hospitals, and orphanages) were evicted on April 23. It is claimed by Alfred M. Cohen, of Cincinnati, Ohio, that the action of the German Government included not only the dissolution of B'nai B'rith but "the confiscation of its property and expulsion from its orphanages, hospitals, and old people's homes of their sick, infirm, and helpless patients."

Official Nazidom is not content with merely tearing down the existing religious forces and organizations, Catholic, Jewish, and Protestant. A new wave of neo-paganism is spreading throughout the Reich. Turning for inspiration to the old Teutonic deities, they envision a future national church, apart from "negative, Judaized" Christianity and based on the worship of race and Nazi leadership. The Department for the Ideological Training of the Future German Nation is now headed by Dr. Alfred Rosenberg and supplies advice to such neo-pagan groups as the German Faith Movement and the more militant Tannenberg League of General Ludendorf.

REV. WILLIAM B. SHARP

A DIGEST OF COMMENT QUOTED OR TRANSLATED FROM THE ORIGINAL

THEY SAY

SOMETIMES IMPORTANT ★ OFTEN AMUSING ★ ALWAYS AUTHENTIC

Holland's Own Canoe

HOLLAND, should she be invited to do so, will not adhere to the German-Japanese treaty for combating Communism. Political treaties are no concern of the Netherlands, and they have never joined in any.

Thus spoke the Minister De Graeff in the Lower House of the States General, when defending his foreign policy. In other words, Holland can paddle her own canoe and feels quite capable of waging war on Communism alone, wherever necessary, both at home and overseas. * * *

It should be remembered that it is during the last four years that reports have been reaching us about the seizure of Communist propaganda in the Malay tongue, brought by Dutch ships in misleading wrappers. Pamphlets, sent to a number of addresses in the Dutch Indies sometimes as advertisements, sometimes as an innocent-looking packet, announcing to all appearances the merits of "Sloan's Liniment," are occasionally posted in Amsterdam, but chiefly in Belgium.

In Dutch East India the so-called Pari (Indonesian Republican Party) has given evidence of increased activity. After the suppression of the P.K.I. it was established during 1927 by prominent Communists in unknown places in one of the neighbouring Pacific countries, the Straits, Siam or Indo-China. Following Soviet precept, they have started the formation of cells in the important branches of the service. Similar Communist cells are to be found in every international society, also in the four or five small Dutch East Indian nationalist associations here in Holland.

But note: Moscow's attention is concentrated on Holland and on the so desirable Dutch East Indian archipelago with its suggestible, defenseless population of many millions. The Communist International, the crypto-organism of the Soviet system of government, still continues to undermine the foundations of public order and quiet in the colonial and semi-colonial countries.

Dutch East India is on the *qui vive*. Many measures have been taken and in the course of the years a large number have been added. Neverthe-

less they appear to be insufficient to prevent the recent huge influx of international provocative propaganda of Soviet principles into the Indian archipelago.

No legal means must be neglected to prevent Communist propaganda from becoming a chronic danger to Dutch and Dutch East Indian society.

—De Telegraaf, Amsterdam.

BOMBERS IN BATAVIA

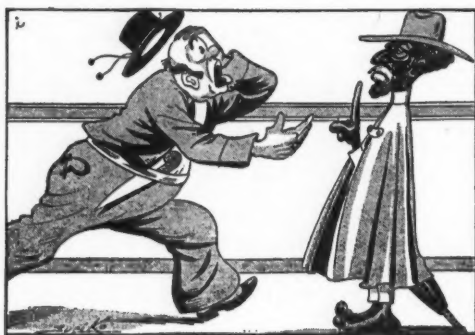
Probably Mr. Ito will be deeply distressed to learn that, in spite of Japan's aspirations in the South being "truly pacific," the defense forces of the Netherlands Indies will be increased within the next three years to 12 destroyers, 18 submarines, and at least 200 bombers and reconnaissance planes. This program has been submitted to the People's Council, "in view of the international situation." Dornier flying-boats now under construction for the Netherlands Indies will be able to carry 3,500 lb. of bombs. The first of 60 new T4 Fokker torpedo bombers have arrived in Batavia, and have a speed of 160 m.p.h.

Coinciding with the announcement that the Netherlands Indies defense budget is to be increased from £147,000 to £1,860,000, the delegate for the War Department, Lieut.-General Boerstra, made the following statement to the People's Council:—"In the event of attack the Netherlands Indies will be defended by force of arms, without expecting any support from the League of Nations." The new defense program will give the Netherlands Indies the most formidable air force of any European Power in the Far East.

—The Peoples Tribune, Shanghai.

HITLER OR HABSBURG

There is the Vatican, which was once definitely in favor of a Habsburg restoration. We do not believe that the Papacy has changed its mind, but new factors have caused a modification of the



Il 420, Florence

Spanish Grandee: "The situation is desperate! You have had experience—advise me."
Haile Selassie: "What can I do? Do what I did! Resist until it is time to take flight."

problem. The Vatican is concerned with the position of Catholics in Germany, and in certain circles it is considered likely that the cause of the legitimists in Austria will be abandoned in return for a favourable compromise with Hitler.

It is no mere chance that many elements of the former Christian-Socialist Party have recently approached the Nazis and that their paper, the *Reichspost*, has taken up the cause of pan-Germanism.

It only remains to examine the attitude of the Little Entente. Czechoslovakia, Yugoslavia and Rumania are not all equally hostile to the *Anschluss* of Austria with Germany, but all three are strongly opposed to a Habsburg restoration. The reasons are obvious and known to all: the restoration of the former monarchy in Vienna might endanger the very existence of the States which arose out of the ruins of the Austro-Hungarian empire. An Austrian monarchy would be the rallying-point for centrifugal forces which still exist in the new States.

Another reason justifies the opposition of the Little Entente. The alternative: "*Anschluss* or a restoration" is not a genuine one. A restoration would not exclude the *Anschluss*, since it would not alter the relationship of the forces inside Austria.

This relationship could only change if the working class resumed its political rôle and were once more able to exert its influence on the destiny of

Austria. Apart from a return to democracy, all roads from Austria lead to Berlin.

—*Le Populaire*, Paris.

AUSTRIAN GHOSTS

What is the present regime in Austria? There are no elections, no Parliament, no freedom. Dictatorship, pure and simple. All power, according to the Constitution, is in the hands of the President. He nominates the members of "Parliament," the judges and the officials; he has the right to replace ordinary legislative procedure by decree; he has the same right, by decree, to reform the Constitution.

In Italy or Germany the electors have no political reality; but the dictators *do* ask their peoples to make a symbolic gesture. Not so in Austria. Not even a plebiscite. It is a political regime divorced from the people. And the President, all powerful, is not even elected by the people. This Constitution is the strangest doctrine of twentieth-century political reaction. It is the only dictatorial Constitution in which the people are not called upon, even for a short time, to go through an electoral formality. The best comment on this Constitution came from a Viennese wit who suggested the addition of a new article to the Constitution: "The President nominates the people."

Austrian Fascists will tell you that it is the only way, that the majority of the people want the *Anschluss*. To give the people for twenty-four hours the right to vote would, they say, mean the overthrow of the regime; the only way to stave off this disaster is to deprive the people of their vote so that they cannot freely express their will.

The pro-Hitler movement is, of course, strong in Austria. But we refuse to believe that all the Socialist workers, all the Jewish traders, all the Catholics, and all the suppressed intellectuals want to become slaves of Hitler. The supporters of Hitler are a minority. So are the supporters of a restoration. And the majority? The people, weary of long years of crisis, want neither a Hitler Terror nor a restoration. The view that there are only two solutions is false. There is a third—a return to normal political life, to honesty and democratic institutions. This solution is the only one compatible with reason and right and with the security of neighbouring peoples.

We want no ghosts. Habsburgs in twentieth-century Europe are more than an anachronism—they are a violation of common sense.

L'Ere Nouvelle, Paris

Erratum: *Soviet Arctic Adventure*, on page 111 of the May issue of *Current History*, should have been credited to the Research Bulletin on the Soviet Union, published by the American Russian Institute.

Birth Control Trial

ON SEPTEMBER 15 last year, plumpish 29-year-old Dorothea Palmer, Ottawa, Can., bookseller and social worker, knocked at the door of a tiny home in Eastview, Ont. To the woman who came to the door she explained that she was interviewing women with a view to spacing of children. The woman was interested and brought her into the house. Miss Palmer showed her a sample box of contraceptives, demonstrated how they were used and told her how to get samples and more information. All the lady of the house had to do was sign an application card which Miss Palmer produced and which would be forwarded to the Parents' Information Bureau of Kitchener.

If the application were "approved," the bureau would mail to the applicant a box containing contraceptives, a price list and a pamphlet containing information, instructions for use, and comment upon various home-made methods of contraception. This first box would be sent free to each individual applicant, but a donation up to \$2.00 would be appreciated if the applicant could afford it.

Miss Palmer was just on the point of securing the woman's signature and another dollar commission for herself when in walked Constable Emile Martel with a warrant for her arrest on the charge of "advertising" birth control information.

The trial started Oct. 21. Forty witnesses were examined and 750,000 words poured into the record by witnesses. Counsel added 500,000 more in four days of argument. In addition 87 books and documents were filed as exhibits with 23 boxes of contraceptives, which Eastview women were alleged to have received after signing application cards presented by Miss Palmer.

Almost six months after the beginning of the trial, magistrate Lester Clayton on March 17 dismissed the charge because "the public good was served by the acts she is alleged to have done."

He drew attention to the fact there was no birth control clinic in Eastview or Ottawa and that both Eastview's physicians were Roman Catholics and that "the evidence appears to be that the only method of contraception that Roman Catholic doctors are permitted to advise is partial continence or the abstention from intercourse during certain periods." He added that the method "is open to the charge of unreliability."

The magistrate said he found no force in the argument advanced by the crown that it was reprehensible to give such knowledge to Roman Catholic women on the ground that it was contrary to their religious teachings. What they did with the knowledge, he said, was their own business. He drew attention to the fact that 50 years ago a similar judgment to his was given in an Australian case, and asked: "Is Canada, 50 years later,

to be wandering in the intellectual and social wilderness on this vital subject?"

—Canadian Comment

KILLING FOR FAITH

Sad was the day when the Rights of Man were declared from the tops of garrets and other dubious places. For, more blood has been spilt over these supposed rights than in the name of religion. And still the rights remain as vague and elusive as ever. Every man may have the right to live (though even this may be disputed by biologists), but to think that every man has the right to rule! Human nature being what it is, there must be some people born to rule, and some others born to obey. The days of chivalry are not really gone, nor are the days of loyalty and hero-worship. And yet they will have *all* men as equals! Physically, we perceive, no two men are equal, but we are made to believe that all men are equal mentally and morally. This egalitarian theory has been the bane of modern society. Naturally, it has engendered false hopes, sad disappointments and endless strife between class and class.

"If the National Government in Spain," writes an English journal, "be defeated in the present civil war, England alone will remain the last stronghold of democracy." This is a sad confession of the failure of democracy. Of course, it does not imply that democracy would fail in every in-





Nebelspalter, Zurich

SCHOOL OF THE FUTURE

"Smith Minor, I have cause for suspecting that you are making faces."

stance. Democracy is a native of the soil of England, and may very well thrive there, but that is no reason why it should be transplanted everywhere by force. Indeed, in some countries and in certain times, democracy has been fraught with so many evils, that like Wordsworth, yearning to be "a Pagan suckled in a creed outworn" (in the matter of religion), we would fain long for a return of the good old days of Haroun-al-Raschid and other benevolent despots. But despotism is not, after all, "a creed outworn." Some of the finest races of the earth are now being willingly (and prosperously) ruled by a Dictator, and your Dictator is but the old despot "writ large." Such failure is bound to overtake a system of government, which is based on the counting of heads, without taking account of the brains, which, alas, are not in the gift of man, but of Nature, who delights in freaks and variations!

—The Calcutta Review.

GERMAN COLONIES

Attention should be directed to the fact that there was not a single obstacle in the way when the German colonies were parceled out among the

allies under the guise of mandates. The native inhabitants of those colonies were not consulted who were to be their new masters and no question was raised as to their ability and fitness to govern them. The allies decided all questions of law and fact when Germany was deprived of all her colonies.

Today when confronted with the question of the restoration to Germany of her former African colonies, a gigantic list of negative replies has been submitted why the colonies could not be restored to Germany. One of the reasons advanced by a London daily paper pointed out that some of Germany's colonies were allotted after the war to the British dominions, and are outside the control of the British Government. But what about those former German territories now under British mandate? There is no need for Britain to consult an outsider to formulate a plan for her for the restoration of the former German colonies to their pre-war owner. Britain is quite competent to do that herself. As to the British dominions which are now administering some of the former German colonies, Britain need not worry herself about them. They will be restored to Germany in due time, especially those African colonies mandated to the Union of South Africa.

Those who think that Germany can be forever deprived of her former African colonies, are living in a fool's paradise. It must be emphasized that God did not create the Englishman and endow him with the sacred mission to be the master of the non-white races of the world. Britain today is confronting a very serious problem. The proud boast that the sun never sets on the British Empire and that Britannia rules the waves has been rudely shocked and successfully challenged by Rome during the Italian-Ethiopian conflict. As Britain played the leading role in her attempt to enforce sanctions against Italy during the Abyssinian campaign, she should now take the lead for the restoration of the former German African colonies to Germany. Britain is not asked to give away her own colonies, but only those which she took under mandates from the League of Nations.

—The China Outlook.

ITALY'S CHANGED POLICY

Dominating the [Venice] talks was Italy's change of direction from a *continental* to a *maritime* policy. . . . Italy, with her hands full in Spain and her new Empire in Abyssinia . . . is more interested in gaining the support of countries with a seaboard such as Yugoslavia than of such countries as Austria and Hungary. . . . By such a policy she is also preventing Germany from becoming too powerful in the Adriatic and Eastern Mediterranean.

The Week, London.

Anti-British Propaganda

CHURCH FOLK

One set of citizens that must not be neglected by those seeking a united front against war and reaction, against all suppression of liberties and all exploitation, for democracy and for the good of society, is the church group. It's too easy to say that the church has always been on the backs of the people, that it feeds them opium and to let it go at that. A case can be made for the condemnation, heaven knows. But it's not quite the whole story.

The church represents a cross section of our society. All the winds that blow, blow also on church folk. Most of these have not taken so seriously the words of their ministers that they can't listen to other voices. Politicians and propagandists of various sorts know this and act accordingly. Moreover, sitters in church pews have been exposed to something besides "opium." Sentiments like these are scattered through their scriptures and sometimes get read from pulpits:

"I hate, I despise your feast days . . . though you offer me burnt offerings . . . I will not accept them . . . but let justice run down as waters. . . ." (Amos 5:21,22,24) Come now ye rich, weep and howl . . . Behold the hire of the laborers who mowed your fields which is of you kept back by fraud crieth out . . . (Jas. 5:1,4) "He hath put down princes from their thrones and exalted them of low degree . . . the hungry he hath filled with

BRITAIN is on pins and needles and is getting over-nervous. It is alleged that anti-British propaganda is spreading rapidly in the Far East ruining her prestige and commercial interests. Britain seems to be losing ground everywhere. The attention of the British Government was recently drawn to this matter. The Foreign Affairs Committee of the three British parties in the National Government which met at the House of Commons were shocked to find that there was invidious propaganda against British domination in Asiatic affairs. It is stated by the Committee that thousands of anti-British pamphlets were distributed in Peiping, Hankow, Tientsin, Shanghai, Canton and other Chinese towns and cities. The House of Commons was also informed that numerous articles had appeared in certain Shanghai-Tokyo publications which specialize in anti-British propaganda. These articles are said to contain interesting topics which deal with a variety of subjects such as: Breaking Up of the British Empire; Anglo-Japanese Friction; Retrocession of Hongkong; Independence of India; Miscarriage of Justice in the British Supreme Court; Retrocession of Gibraltar; Inevitable Disaster to the British Empire; British Threat at Hongkong; Suppression in India; Indian Revolt; British race pride; Civil liberties in the colonies; Arming for peace and many others. If anti-British articles have appeared in the newspapers in the Far East as alleged by the Foreign Affairs Committee, it is due to British arrogance, short-sightedness and hypocrisy. And if these articles are telling the truth about the miscarriage of justice in the local British Supreme Court in the case of Chinese litigants and the doings of certain British diehards out here, it is not propaganda, but hard facts. It is an undoubted fact that British friendship for the Chinese people is only superficial and not genuine. If Britain is a good friend of the Chinese, why not take the lead to assist China to abolish extraterritoriality and return to China her Tientsin Concession? China would much prefer to see the early abolition of the unequal treaties than to receive a loan of £20,000,000 from the British Government through Mr. W. M. Kirkpatrick, special representative in China of the British Export Credit Department. After all, the money has to be returned some day. It is learned, however, that the Foreign Affairs Committee have decided to ask that adequate measures be taken for checking such propaganda either by means of broadcasts or through diplomatic channels. The Committee includes members of the Conservative, National Liberal and National Labour parties. At any rate, as long as propaganda is confined to legitimate subjects of general public interest and not mere fiction, Britain can have no complaint to make.

—The China Outlook.



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SALUTE



South Wales Echo, Cardiff

good things and the rich he hath sent empty away" (Luke 1:52,3).

For a generation and more there has been a left-wing group in most of the larger Protestant denominations and among Catholics and Jewish religionists, that has taken pains to make known the social strain in their religion and to apply it to current wrongs. When the Federal Council of Churches a few years ago collected the scattered social demands of the churches it took a score of pages just to summarize them. Here they stand—demands for adequate pay and fair work hours for workers; for the abolition of all child labor; for protection of workers against the exigencies of their life and work; for the right of the workers to unionize and bargain as a group; sometimes for social ownership of special utilities; occasionally one for the complete transformation of society.

Several Detroit and Flint preachers took a hand in the General Motors strike. Together with some local professors they assigned themselves to the job of running down rumors and publicizing the facts. Hearing that a Flint hospital had been warned to prepare for an emergency, they straightway made contact with Flint officials and warned them that they would be held responsible for violence. When the situation reached a point of intensity, they sent out a call to preachers, arranged a meeting, besought Governor Murphy to prevent the threatened violence by vigilantes (many of whom were church folk) letting him know that they as clergymen would support him wholeheartedly in such effort. To Police Commissioner Wills they wired, "We learn you intend to draft citizens in a vigilante attempt to oust sit-down strikers without court order. We beseech you to refrain from use of this kind of force at this time. We shall hold you strictly responsible for any loss of life."

Just because preachers are "respectable" such protests count.

Of course such preachers stand to lose their jobs if big business parishioners or reactionary higher-up church officials take a notion to penalize them. Some are willing to pay the price. A goodly frac-

tion of them have done so, supported by brave wives. That is up to them. What is up to those organizing united fronts, is to find and use such preachers and other willing church folk, especially church youth.

—*Commonwealth College Fortnightly*, Mena, Arkansas.

FISHING DISPUTE

Ignoring American Congressional warnings, the Japanese Government Mar. 16 gave notice of its intention to encourage Japanese fishermen to fish for salmon off Alaska. The declaration was made in the face of a direct warning by Lewis B. Schwel-lenbach, Democratic Senator from Washington, that "serious" international difficulties may arise out of the "threatened invasion" of the Northern Pacific areas by Japanese and European fishing interests. Speaking before the Senate on Mar. 8, the Senator declared that "this problem contains potentialities which may more seriously threaten the peace of the United States than any other on the immediate horizon."

Recalling that foreign vessels frequently engaged in whaling and seal-hunting off the coasts of Japan in the early days of the Meiji Era, the Association for the Promotion of High Seas Fishing Mar. 20 issued a pamphlet upholding the Japanese right to fish salmon off Alaska. The pamphlet was mailed to members of the Diet, Government officials and interested quarters both in Canada and in the United States. The Association contends that fishing on the high seas is upheld by international law regardless of the location of the fishing grounds.

—*China Weekly Review*.

MR. SATO'S POSITION

That Japan's foreign policy so far has had many defects and failures cannot be denied. The present awkward situation is due to this. Japan's foreign policy, therefore, leaves much to be desired. A turn for the better is needed. This is felt by the public at large. Even the military, which poses as the propelling force of Japan's politics, recognizes it. Even without its being pointed out by the Foreign Minister Japan feels it necessary to improve the foreign policy sooner or later.

The task of the Foreign Minister now seems easier than ever before. With Mr. Sato appointed under these favorable circumstances, he ought to study closely Japan's domestic and international relations and then establish his policy. There was no need to formulate his policy quickly. In spite of this, Mr. Sato has surprised the nation by urging it to reconsider its point of view. His attitude is that of a critic of international affairs, but is not suited to a man responsible for the country's diplomacy.

However, we do respect him for the courage and enthusiasm with which he has expressed many truths avoided by his predecessors. However, judging from what he has expressed so far, Mr. Sato's diplomatic policy does not fit the prevailing international situation. The effect of his speeches on foreign nations is not necessarily favorable. It is especially feared that they will be utilized by China and the Soviet Union.

—Chugai, Tokyo.

DEFINITELY CONTEMPTUOUS

Unless the filming of Yoshiwara, a story of Japan written by Mr. Maurice Dekobra, popular French author who visited this country two years ago, is dropped, all future productions by the Lux Film Company will be banned here, Home Ministry censors have decided after conferring with the Foreign Office. Mr. Sessue Hayakawa and Miss Michiko Tanaka have parts in the production, now being filmed in France, Domei says.

The story of Yoshiwara is termed "definitely contemptuous" of Japan. It relates how a Captain Dan of the Japanese General Staff loses part of a secret document. Neglecting his only daughter, he begins to spend his days in the Yoshiwara, "absorbed in drinking and gambling," and is finally discharged from the service.

Michiko, a geisha, is in love with a foreigner named Maurice, who is soon to return home with a secret document. At her own request, Maurice takes Michiko to his Tokyo residence shortly before he leaves. Dan, who has been asked by the gendarmes to recover the lost paper, goes to Michiko's room during her absence and finds it, being readmitted to his former post as a reward.



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THE SHELL GAME

Michiko is convicted of having stolen the paper and is sentenced to be shot, whereupon it becomes known that she is the deserted daughter of Captain Dan. But she pays the penalty, just the same.

Mr. Hayakawa plays the part of a rikisha man and Miss Tanaka is Michiko.

—Trans-Pacific, Tokyo.

Passive Resistance

THE five points formulated by the *International Assembly Against War and Militarism* may be taken as a scale. It begins right at the top with the infinitely distant aim: The abolition of war and all appertaining to war in laws and constitutions. A little lower down comes: Total and immediate disarmaments. That too seems to be extraordinarily remote. The abolition of conscription brings us at once nearer to earth. There is no conscription in England or in the colonies or in the United States. The last two points concern objection to military service. Every pacifist must have the right to object to serve, and those who are at present in prison must be released immediately.

With objection to military service we have arrived at the means which everyone has at his disposal—the weapon used by Gandhi, the only weapon which neither wounds nor kills—the weapon of non-co-operation or refusal. The conscientious objector need not overthrow the govern-

ment, nor alter the law, nor introduce a new constitution. He does not become, like the others, a number, one of a crowd, a sheep herded he knows not where. He is the solitary individual, who had taken his standpoint in accordance with his own conscience.

He does not rush off when mobilization orders arrive and the entire population has lost its senses. He made his decision while all was still calm around him, and he was quiet within. He remains standing while the others flock. He is strong because his mind is balanced. He knows what risks he is running: Contempt, punishment, imprisonment, and sometimes death, but he also knows that he is not exposing others than himself, and he does it of his own free will. He is the vanguard, he is not fighting for a fatherland but for all humanity.

The Total Pacifists do not march against any other country, they will not enter upon any war, to preserve either freedom or peace. So long as

people can be conscripted and forced to go to war there is no freedom for them to defend. "It was war that turned free people into slaves," says Schopenhauer; and peace—yes, if they must go to war in order to preserve it, they themselves will break it.

—*The Calcutta Review.*

RUBBISH ABOUT REDS

In one respect Franco has been very successful. Even the presence of whole Italian brigades fighting on the Madrid front under orders from the Italian Government—for nobody can pretend that soldiers and munitions could leave Naples, Gaeta or La Spezia without the Duce's knowledge—has not disturbed the minds of our Imperialists. This is war without the declaration of it in a part of the world which vitally affects communications between different parts of the Empire. And yet I find scores of people, whose devotion to the Empire cannot be questioned, worrying far more

about Communism, becoming such a ghost of itself in Russia, than about Italian and German ambitions, expressing themselves so blatantly in Spain and Spanish Africa.

There can be no doubt in the minds of anybody who visits Valencia today that the Communists, despite their superior discipline, are not in control. The most influential people there today are certainly not more extreme in their views than Herbert Morrison, and it is difficult to believe (unless one has prejudices that are almost hysterical) that a Spanish Herbert Morrison struggling to appease the claims of half a dozen autonomous regions could be a serious menace to the British Commonwealth of Nations.

The best comment I have seen on the whole situation comes from a French paper. "Do understand once and for all," says one Frenchman to another, "that with the Reichswehr along the Pyrenees our Spanish frontier is safeguarded against a surprise attack by the Cossacks from the Urals."

—Vernon Bartlett, *World Review*, London.

The Italo-Yugoslav Treaty

THE Permanent Council of the Little Entente was created the 16th of February 1933, as the instrument of a collective foreign policy. This council meets on the First of April 1937, in the capital of Yugoslavia.

Now, M. Stoyadinovich, the Premier of Belgrade, has recently given two severe blows to this organization. In January he signed with the cabinet of Sophia a pact of Bulgaro-Yugoslav friendship, which means, in practice, the creation of private ties between these two Southern Slav states weakening the Balkan Pact. Last week, M. Stoyadinovich has further emphasized his independent conduct of affairs by making an accord with Italy.

For years, Czechoslovakia and Rumania have incurred the enmity of Italy because they refused to treat with her separately thru solidarity with Yugoslavia. Today, Yugoslavia takes her stakes out of the game disregarding entirely her two partners. She agrees to enter with Italy into a treaty of a type qualified as "bilateral" by Germany and Italy, or, in other words, a treaty incompatible with resistance to an act of aggression committed against a third party.

Appearances have been saved by the article of the Italo-Yugoslav treaty which states that previous engagements of either party are not affected by it. But, besides the letter there is the spirit of a treaty to be considered, and the spirit of this contract is clear enough. For instance, the Italian press declared yesterday that this treaty would not be compatible with the treaty of mutual assistance between France and the Little Entente proposed in November by the French Government. But is this all? M. Stoyadinovich had to admit

that he was engaged in conversations with Hungary independently of his allies.

Both Prague and Bucharest have adopted an optimistic tone, but it is doubtful whether they really feel happy. They both realize that Pan-Germanism will make a rapid advance if the national states of Central and Eastern Europe grow divided and cease to join their interests,—for it is not Italy that will benefit from a dissolution of the "French System."

—Pertinax in *Echo de Paris*, Paris.

A SINGLE LABOR PARTY FOR FRANCE?

From one end of the country to the other the working masses are impatiently awaiting the creation of a Single Party of the working class of France.

The workers are the more convinced of the necessity of union in that they see the representatives of Big Business using every means at their disposal to prevent the realization of reforms expected in the villages as well as in the cities.

Indeed the financial oligarchies impede the realization of budgetary reforms that would hit heavily large incomes and spare small ones according to the spirit of the Popular Front program.

The same monetary powers equally oppose the Old Age pensions that are a part of the program approved by a majority of the French voters.

It is these financial powers that subsidize the seditious leagues, the renewal of whose activity has been made plain by the tragic events of

Clichy. It is precisely because they understand this and because they feel the bitter struggle waged against them by the forces of reaction and oppression that the workers call emphatically for the creation of a unified Party of the exploited masses.

It is enough to glance back on the progress achieved in order to realize the enormous possibilities opened by the prospective union. If in 1932, the 130,000 members of the Socialist Party and the 25,000 members of the Communist Party already formed an appreciable force, what must we say now that the 304,916 members of the Communist Party together with the 202,000 members of the Socialist Party form a mass of more than half a million workers, a number that would rapidly increase if they united.

The case is the same in every field. If in 1932, the Socialist Youth had 11,286 adherents, as Paul Faure recalled last Sunday at Creil, while the Young Communist League numbered 3,000, there are now over 40,000 Young Socialists, while the Young Communist League numbers 92,044 members.

In regard to the press it is enough to add the average circulation of the *Humanite* of 450,000 copies, to the average circulation of the *Populaire* of 200,000 copies, to realize the enormous influence that the press of a unified party would possess.

Nothing should prevent the early realization of a union we so ardently desire.

Everything for Unity, this is the fundamental idea that must guide all those who sincerely wish to defend the interests of the popular masses of France.

In its next meeting, the Committee of Concord of the Communist Party and the Socialist Party will designate a Commission of Unification. We trust that this commission will act rapidly.

The idea of unity has made a considerable progress in the consciousness of the masses, and if, a few months ago, our Socialist comrades have found it difficult to agree to the convocation of a Congress of Union, the case is different now. This meeting is too close to the interests of the workers for the conference not to take place.

We shall consecrate all our efforts to the creation of a single, great Party of the working class.

Union must and shall come.

—Jacques Duclos in *Humanite*, Paris.

DEMOCRATIC DESPAIR

The events in Spain reveal once again the impotence of democracy where an active struggle is essential, as also the crass hypocrisy that surrounds this political doctrine. After Abyssinia, it was scarcely credible that the danger of precipitating a world war would again be exploited to paralyze the democratic countries in the face



Il Travaso, Rome

IN THE STREETS OF MADRID
Night watchman: 'Nine o'clock—all is well.'

of fascist aggression, but our worst fears have now been realized. Again we are offered the excuse: If the Spanish Government were to be treated in accordance with international usage, we might be involved in a war with Italy and Germany. Fascism has so far been able to cash in every time on this war scare. How long will this continue? And yet it is clear that there would have been no war in Abyssinia or Spain if the three great Powers who stand for peace, had acted together in a close bond of solidarity. But it is evident that there is still a great deal that divides them.

People who are inspired by a genuine belief in democracy must, in the present circumstances, surely yield to despair. The outrageous attack on the democratic Government of Spain was as criminal in its design as it is possible to conjure up in one's mind, yet we have the sorry spectacle of leading papers and personages in Britain (the classic home of democracy) finding every excuse for the rebels, who were apparently goaded into action by the manner in which the Left Government tried to legislate, within very reasonable limits, let it be said, in favor of the working classes. Does not the Conservative Party of Britain perhaps favor the classes which it represents? Year in and year out the elements on the Left have waited with incredible patience for a majority in Parliament; at least on two occasions within recent times the Conservative Party cheated its way into office. We refer to the Zinoviev Letter election of 1925 and the election on Abyssinia last year. Not a word was uttered at the time about the crudities of democracy; but a Government of the Left groupings need only interfere in the slightest degree with vested interests to justify a rebellion from the Right, weapons in hand. Which goes a long way to confirm the radical contention that liberty and democracy in the modern world are doled out as a toy to distract

attention, but are quickly withdrawn upon the slightest indication that they are going to be used seriously. All the circumstances considered, democracy has no more persistent or insidious foe than the Money Power, to which it might say, as Dante said when he reached, in his journey through Hell, the dwelling of the God of Riches. "Here we found wealth, the great enemy."

—*South African Opinion.*

ARAB SUBMISSION

Those who have watched the course of events in Palestine will scarcely be surprised that Britain has at last been compelled to put the country under martial law. It is, if anything, an indirect admission that British rule in Palestine has failed to bring about peace and that it is only by the force of arms that the Arabs may be expected to submit to the foreign yoke.

That affairs in Palestine would come to this pass was almost a foregone conclusion. The Arabs, who since the War have been fed on false hopes and treacherous promises, have at last been thoroughly disillusioned; their faith in the honesty of the Mandatory Power has been rudely shattered; and if they have taken up an unequal fight it is only because they are convinced that there is no other way left for them by which they may record their protest against imperialist iniquity.

No wonder that the Arabs are angry. Palestine, they say, belongs to them; there are six Arabs to one Jew in the country; they meet the cost of all the development undertaken by the British, paying annually two and a half million pounds to Britain, while they paid only a hundred and eighty thousand to Turkey before. And yet Britain cannot make up her mind to give up Palestine, which is fast becoming the vital trade-route between the East and the West. The new motor and air routes between the Mediterranean and the Persian Gulf, as well as the new oil-pipe lines, must be controlled in British imperial interests. And Palestine must learn to subordinate her national aspirations to these British imperial considerations if she is ever to be declared fit for self-rule.

—*Amrita Bazar Patrika, Calcutta.*

FUTURE TROUBLE

A Rotterdam (Holland) newspaper recently stated that, contrary to the former opinion that in the event of an attack on Netherland India the Dutch might count on the support of "one or more foreign nations," the conviction is growing that an attack on the Archipelago will have to be repelled by the Netherlands and Netherland India "for a considerable time by their own forces without any military support from others."

"It is of the greatest importance," continued the newspaper, "to learn what the viewpoint of

the great powers is in respect to the legal aspects of the matter, and present indications are indeed very alarming to our country. The fate of Ethiopia is one plain warning in a long series of warnings."

The *Batavia Weekly News*, commenting on this editorial expression, declared that what was stated "is quite true, but that, nevertheless, the situation of Netherland India is somewhat different from that of Ethiopia. * * * Foreign capitalist interests in Ethiopia were very unimportant as compared to Netherland India where millions of dollars of foreign money have been invested and in which nearly all the great powers have a share. The merely legal aspect of the case appears to us of minor importance because history shows that legal rights and common justice have never played a prominent part in the dealings of nations. * * *

Elsewhere in the same issue of the *Batavia News* there is reference to a recent decision of the Dutch Government to resume the training of native naval personnel. Following the mutiny of native sailors on the Dutch warship *Zeven Provinciën*, some years ago, the naval training school at Macassar was closed.

Signs are not wanting that the course of the United States in the Philippines is being watched with interest in the Netherlands and Netherland India and may be followed in so far as that is possible.

With the mid-Pacific mandated area going rapidly Japanese, the Japanese already outnumbering the 50,000 native islanders in the region and continuing to come in at the rate of from ten to fifteen thousand a year, the people of Guam, lone American outpost in the otherwise Japanese Mariana Group, raise an almost despairing cry to America in a joint resolution recently adopted by the Council and Assembly of the Congress of the Island of Guam, for American citizenship.

—*Philippine Magazine, October, 1936.*

THE CUNNING BRITISH

"It is, indeed, a riddle, so far as Anglo-Chinese relations are concerned. Not long ago, with British capital, the Canton-Hankow railway line was completed. At the moment when the Sino-Japanese negotiations in Nanking were reaching the utmost tension, the Chinese Government authorities have cooperated with British capital for planning the development of the Hainan Island. On the 9th inst., the Finance Committee of the Legislative Yuan approved the issue of the Nanking-Kiangsi Railway bonds, amounting to \$1,400,000, and, on the other hand, the Sino-British Boxer Indemnity Committee also recently decided to sign the contract for loaning to China a sum for the construction of the Ichang-Kweichow line of the Nanking-Kweichow Railway

and approved a credit loan to China, amounting to \$17,770,000 in cash and £450,000 for material for railway construction. This amply shows that China has been placed under the control of British imperialism. Indeed, the whole of the Chinese nation has become paralyzed, after taking Indian opium; therefore, the Chinese people have not said even one word about it. It is beyond question that Great Britain has taken China as the object of exploitation. Her hereditary diplomatic policy, indeed, reflects her utmost cunning. However, Japan shares the burden with China for the "renaissance" of the Orient, and she should

have special connection with China especially viewed from economic relations. Under the influence of the conspiracy of the third nation, China has naturally misunderstood the situation, due to the fact that the character of the Japanese people is straightforward and naïve. As a consequence of this, the Sino-Japanese negotiations in Nanking have reaped such an untoward harvest. Indeed, such unfortunate results are nothing but the fruits of destiny, which rules these two countries. We should be brave enough to get rid of all obstacles and to struggle for the welfare of the Orient."

-Shanghai Mainichi.

North Carolina Teachers—"Slaves?"

CONSIDERABLE difference of opinion exists about the position of *mui-tsai* in the social scheme, some denouncing bitterly the system as one of slavery, whilst others think that while there may be many who abuse their authority, there are many more who treat these girls with reasonable consideration. Our own views of the matter do not matter, as we are not proposing to discuss the *pros* and *cons* of the *mui-tsai* system, but to seize this opportunity of quoting a little item from an American magazine which shows that "slavery" has not been altogether abolished even in the United States. We seem to remember that there was a war fought on this issue, and it was won by the side which advocated freedom for the Negro slaves, but apparently like the later and bigger struggle which was to make the world safe for democracy, the Civil War failed to produce the results expected of it, just as did the 1914-18 affair. However, let us not be led into any disputation of *welt-politick*, or whatever they call it, but tell our readers what a young American woman had to promise to do before being given a job as a teacher in a small school in North Carolina: "I promise to take a vital interest in all phases of Sunday-school work, donating all my time, service, and money without stint for the benefit and uplift of the community. I promise to abstain from all dancing, immodest dressing, and any other conduct unbecoming a teacher and a lady. I promise not to go out with any young man except in so far as it may be necessary to stimulate Sunday-school work. I promise not to fall in love, to become engaged or secretly married. I promise to remain in the dormitory or on the school grounds when not actively engaged in school or church or elsewhere. I promise not to encourage or tolerate the least familiarity on the part of any of my boy pupils. I promise to sleep at least eight hours each night, to eat carefully, to take every precaution to keep in the best of health and spirits in order that I may be better able to render efficient service to my pupils. I promise to remember that I owe a duty to the townspeople who are paying me my wages; that I owe respect to the

school board and to the superintendent who hired me; and that I shall consider myself at all times the willing servant of the school board and the townspeople and that I shall cooperate with them to the limit of my ability in any movement aimed at the betterment of the town, the pupils, or the school."

We are not quite certain which of two facts astounds us the more—that any freeborn U. S. citizen could have the nerve to draw up such a contract, or that any American girl or woman could be so desperately hard-up that she could bring herself to agree to accept such outrageous conditions. When not "actively engaged" in school or church-work, this wretched citizeness of our sister Republic across the Pacific agrees to stay, either in the school dormitory or on the grounds, promises to sleep at least eight hours every night (she's lucky if able to keep that pledge, for she has one third of a day to forget the horrors of the other two thirds), and so be in the best of health "and spirits" (!) to render efficient service and *respect* to the school board and the superintendent who hired her! It is astonishing that any body of men * * * outside a lunatic asylum could have the idea that any respect was due the framers of such an outrageous contract as that quoted above. Even a *mui-tsai* is free to fall in love, and to encourage or tolerate the advances of a "boy friend" if one should show any interest in her. It is possible, of course, that the "girl-slave" in China would be kept so busy that she would have no time to make or receive amatory advances, but the "teacher-slave" in North Carolina solemnly pledges herself not (1) to marry, (2) to become engaged to be married, (3) to fall in love, (4) go out with any young man, except it be "to stimulate Sunday-school work," or (5) to encourage or tolerate the "least familiarity" on the part of a boy pupil. We have never lived in North Carolina, but from what we know of life in China, we would much prefer to be a *mui-tsai* than a school-marm in some parts of the Land of the Free and Home of the Brave.

The China Weekly Chronicle

CHRONOLOGY

Highlights of Current History, Apr. 12—May 10

DOMESTIC

APRIL 12—U. S. Supreme Court upholds National Labor Relations Act in five cases; decision five to four in four cases, one decision unanimous.

James H. Rand, Jr., Remington-Rand Inc., president, and Pearl L. Bergoff, of New York, indicted by Federal Grand Jury in New Haven, Connecticut, for violation of Byrnes Act by bringing strike-breakers to Remington-Rand plant at Middletown, Connecticut.

Senator Robinson, of Arkansas, warns Senate drastic retrenchment in Federal expenditures necessary to avoid new taxes; new sources of revenue necessary for tax increase, he says.

APRIL 13—Secretary of Labor Perkins announces conference on Wagner Act; representatives of labor, government, industry to meet in Washington to discuss stabilization of industrial relations under collective bargaining.

President Roosevelt orders re-survey of expenditure requirements of departments and government agencies for 1937 fiscal year ending June 30; moves to meet adverse budget trend caused by revenue drop from January 1937 estimates.

Two negroes, accused of murdering white man, tortured, then lynched in Duck Hill, Mississippi.

APRIL 14—President Roosevelt and Secretary of State Hull make plea for peace at Pan-American Union on seventh annual observation of Pan-American Day.

APRIL 15—House passes Gavagan Anti-Lynching Bill by 277 to 119 vote; vote largely on Northern-Southern sectional lines.

Secretary of Treasury Morgenthau announces resumption of "new money" borrowing to meet deficiency in Treasury's working balance.

APRIL 16—First Circuit Court of Appeals of United States, in Boston, rules Social Security Act unconstitutional in regard to unemployment insurance and old-age provisions.

Federal Deposit Insurance Corporation expels North Bergen Trust Company, of North Bergen, New Jersey, effective May 1; first bank expelled since inception of F. D. I. C.

APRIL 17—Senate extends for ten days hearings of Senate Judiciary Committee on President Roosevelt's court reform plan; extension contingent upon finding witness to give testimony.

APRIL 18—Senator Vandenberg puts unemployed at 2,975,000; urges complete census.

Harper Sibley, Chamber of Commerce of United States president, urges modification of surplus tax on undistributed corporate earnings.

APRIL 19—Newspaper poll shows Governors against cut in Federal aid if greater State burden

necessary; sentiment favors continuation of WPA, CCC, other agencies on present \$2,000,000,000 a year scale.

APRIL 20—President Roosevelt, in message to Congress, makes strong demand for governmental economy; asks lump-sum appropriation of \$1,500,000,000 for relief, work relief, for 1938 fiscal year.

Congressional leaders begin drive to lower appropriations; Senator Byrnes to ask cut in relief to \$1,000,000,000.

APRIL 21—National Guard patrols Lewiston-Auburn, Maine, shoe strike area; strike in nineteen factories in twenty-eighth day flares into national prominence.

Sixteen former employees of Brooklyn Jewish Hospital, in Brooklyn, New York, accused of participating in "sit-down" strike, convicted on four counts of endangering property and lives of patients.

House passes Water Pollution Bill by 187 to 121 vote; bill provides \$1,000,000 yearly for study and aid to States, municipalities, industries to end water contamination; bill blow at economy drive.

Secretary of Agriculture Wallace abandons new farm program in economy drive; "ever normal granary" plan put on demonstration basis.

APRIL 22—Peace negotiations begin in strike in shoe plants in Lewiston-Auburn, Maine; National Guard continues patrol.

Charles P. Taft, son of late President Taft, in Washington, hits "red-baiting" of D. A. R. in address to them.

APRIL 23—Ford Motor Company plant in Richmond, California, closed by "sit-down" strike; strikers protesting alleged discrimination against union members.

Hershey Chocolate Corporation employees reject United Chocolate Workers of America, C. I. O. affiliate, as collective bargaining agency; Loyal Workers Club chosen by 1,542 to 781 vote.

United States Government files suit in New York for dissolution of \$174,000,000 Aluminum Company of America; charges it a trust controlled by Andrew W. Mellon, relatives and associates.

House defeats proposal of Representative Tabor, of New York, to cut items in Agricultural Department's \$927,000,000 appropriation bill by 10%; House passes bill carrying \$5,000,000 less than budget estimates by viva voce vote.

Senate Judiciary Committee ends hearings on President Roosevelt's court reform plan; committee begins executive deliberations.

APRIL 24—Senator Ashurst, Chairman of Senate Judiciary Committee, admits possibility of

- committee veto on President Roosevelt's court reform plan.
- Judge Harry Manser, of Maine Supreme Court, rules maintenance of commissary and field kitchen by C. I. O. union for strikers, in Lewiston, Maine, violates injunction against strike; later hearing to decide whether commissary to be formally banned.
- APRIL 25—Senator Byrd, of Virginia, asks merger of HOLC and FHA for economy; move would save \$24,500,000 annually, he says.
- Agreement ends strike in Ford Motor Company plant in Richmond, California; company not to discriminate against union, will recognize seniority right.
- APRIL 26—U. S. Supreme Court frees Angelo Herndon, negro Communist on five to four decision; rules Georgia Reconstruction law wrongfully applied.
- President Roosevelt intervenes to avert strike of Brotherhood of Railway Clerks in New York; appoints emergency board to investigate disputes.
- Judge Manser, of Maine Supreme Court, allows commissary of striking shoe unionists to remain open in Lewiston, Maine.
- APRIL 27—Representative Cannon, of Missouri, introduces bill to impound 15% of appropriations approved for 1938 fiscal year; would give President power to restore 1% to 15% of cut.
- President Roosevelt asks Congress to postpone action on Miller-Tydings bill to control prices; warns against "present hazard of undue advance in prices with resulting rise in cost of living."
- Conference of Senate-House committees reach agreement on neutrality legislation to replace law expiring midnight May 1.
- APRIL 28—Senators McCarran, Hatch, O'Mahoney, of Senate Judiciary Committee join opposition to President Roosevelt's court reform plan; apparently makes certain unfavorable report on bill.
- Former Governor John G. Pollard, of Virginia, dies.
- APRIL 29—Congress adopts permanent neutrality law to replace temporary legislation.
- Senator Robinson endorses Senator Byrnes' plan to cut 10% from all appropriations for 1938 fiscal year; calls "adjustable" 15% cut in Cannon resolution impractical.
- Chamber of Commerce of United States adopts resolution demanding drastic changes in National Labor Relations Act; opposes President Roosevelt's court reform plan.
- William Gillette, actor, dies.
- APRIL 30—House passes \$416,413,382, War Department Bill; bill carries \$25,037,598 more than previous bill in effort to bring army nearer goal of adequate national defense.
- MAY 1—3,000 technical workers in movie studios strike in Hollywood, California; demand "closed shop."
- John D. M. Hamilton, Republican National Committee chairman, in air talk, sees no substitute for Republican party as "vigilant and vigorous" opposition.
- Senator Robinson, majority leader, urges cooperation in economy plans of Congress.
- MAY 2—President Roosevelt, fishing off Texas coast, signs new neutrality law.
- Eleven unions of Federation Motion Picture Crafts join strike against movie studios in Hollywood, California; Screen Actors Guild defers action on strike.
- MAY 3—"Gone With The Wind" by Margaret Mitchell, wins Pulitzer Prize for novel; "You Can't Take It With You," by George S. Kaufman and Moss Hart, prize winning play.
- Senator Logan asks Senate Judiciary Committee to vote first on President Roosevelt's court reform bill, then consider compromises submitted; constitutionality of bill challenged by Representative Pettengill, of Indiana.
- Move to cut relief appropriation from \$1,500,000,000, to \$1,000,000,000, gains in Congress; Senator Byrnes in air talk, asks public support of plan to cut appropriations.
- MAY 4—Dr. Heinrich Bruening, exiled former Chancellor of Germany, appointed to Harvard University faculty.
- Six hurt in strike riot in Hollywood, California; strikers threaten nation-wide boycott of films of ten studios.
- Senator Ashurst demands President Roosevelt's bill for court reform be unchanged; "I just want the bill as is or nothing," he says.
- MAY 5—Harry L. Hopkins, WPA Administrator tells House subcommittee \$500,000,000 cut in relief would take 400,000 off relief rolls; State and local communities would have to take responsibility, he says.
- Secretary of Commerce Roper advises business against "unguarded expansion" predicted on "abnormal demand conditions" resulting from foreign armament activities; explains statement is "warning against a boom."
- MAY 6—Powers Hapgood, New England C. I. O. secretary, five leaders of Lewiston-Auburn, Maine, shoe strike, guilty of violating temporary injunction against strike activity; sentenced to six months in jail.
- German dirigible Hindenburg destroyed by fire and explosions just before landing at Lakehurst, New Jersey, after transatlantic flight; cause of fire not known; death toll put at thirty-four.
- Chief Justice Hughes hits President Roosevelt's court reform plan by implication in address to American Law Institute, in Washington; if society is to choose processes of reason opposed to tyranny "it must maintain the institutions which embody those processes," he says.
- MAY 7—Hindenburg disaster death toll thirty-three; U. S. Department of Commerce takes charge of official investigation.
- MAY 8—Hindenburg death toll reaches thirty-five; U. S. Navy names board to investigate.
- Screen Actors Guild begins vote on strike question in Hollywood, California.
- MAY 9—Most movie studios in Hollywood, California, capitulate as Screen Actors Guild authorizes strike; technical workers continue picketing.
- MAY 10—U. S. Department of Commerce begins investigation of Hindenburg disaster.

SPANISH CIVIL WAR

- APRIL 12—Rebels claim France trains loyalist pilots; also asserts Russia is aiding loyalists.
- APRIL 13—Bilbao fears starvation as Britain lifts protection from British ships running rebel blockade; rebels press drive against city. Fighting on Madrid front deadlocked.
- APRIL 14—Loyalists observe sixth anniversary of Spanish Republic.
- APRIL 15—Rebels heavily bombard Bilbao. Rebels attack on Madrid front on road to Valencia.
- APRIL 16—Loyalists launch offensive north of Teruel City, 150 miles east of Madrid.
- APRIL 17—Basque loyalists halt rebels at Eibar on march against Bilbao; rebels suffer heavy casualties.
- APRIL 18—Rebels and loyalists in fight for air superiority.
- APRIL 19—Twenty-seven nations begin patrol of Spanish coasts and frontiers; will guard against war supplies and volunteers.
- APRIL 20—Rebels gain against Bilbao. Loyalists report gains near Teruel City.
- APRIL 21—Madrid under heavy day long bombardment by rebels; 32 estimated killed.
- APRIL 22—Rebels continue gains against Bilbao. Rebels bomb Madrid; 250 estimated killed last eleven days.
- APRIL 23—Protected outside three mile limit by British Cruiser Hood, three British food ships run rebel blockade of Bilbao. Rebels gain in drive on Bilbao; dominate approach to Durango.
- APRIL 24—Civil rule restored to Madrid; Municipal Council created; General Miaja continues head of military operations. Rebels, thwarted in attempt to starve Bilbao, press land attack.
- APRIL 25—Rebels capture three peaks of Enchortas; Basques pushed back. Two more British food ships run rebel blockade to Bilbao.
- APRIL 26—Rebels enter Durango, key defense of Bilbao, and Eibar.

Loyalist fliers seek to silence rebel guns shelling Madrid.

APRIL 27—Guernica, historic Basque town wiped out by rebel fliers.

Rebels advancing against Bilbao consolidate positions.

Rebels continue bombardment of Madrid; 280 estimated killed in sixteen day barrage.

APRIL 28—Bilbao defenders drop back to last line of defense; Valencia sends thirty-two planes to combat rebel bombers.

Madrid's City Council demands evacuation of civilians; 300 dead in eighteen days of rebel bombardment.

APRIL 30—Loyalist planes sink rebel battleship Espana, five miles off Santander; loss of life heavy; first time in warfare planes sink battleship.

MAY 1—Rebels shell Madrid twenty-second straight day; total dead put at 322.

MAY 2—Rebels make gains against Bilbao; loyalists rush evacuation plans.

MAY 3—Rebels bomb Basque lines; fighting renewed in University City, Madrid.

MAY 4—Anarchists control part of Barcelona, capital of autonomous Spanish State of Catalonia, after uprising; report Catalan authorities control center of city; 100 killed in fighting.

MAY 5—Report anarchist rebellion quelled in Barcelona; anarchists hold two towns; new provisional government ruling Catalonia.

MAY 6—Anarchists regain control in parts of Barcelona; believed dominating situation. 5,000 women and children leave Bilbao for France.

MAY 7—Anarchist revolt in Barcelona ends; loyalists assume defense functions; death toll put at 200.

MAY 8—Rebels pound Basque lines.

Loyalist police arrive in Barcelona to impose order.

MAY 9—Rebels continue gains against Bilbao.

MAY 10—Basque last line of defense holds despite terrific pounding of rebels.

INTERNATIONAL

APRIL 12—British Foreign Secretary Anthony Eden predicts a stalemate and a "peace without victory" in the Spanish war, defending policy of non-intervention.

Rebels charge that French Government is sanctioning training of loyalist aviators and that Russia has been supplying war materials.

APRIL 13—Dr. Hjalmar Schacht, German Minister of Economics, received cordially in Brussels, but fails to obtain for Germany further supplies of Belgian-controller raw materials.

Conference of Swedish, Danish, Finnish, and Norwegian Foreign Ministers to meet in Helsingfors.

APRIL 14—Dr. Schacht asserts that political stability must precede economic recovery. Observers doubt possibility of substantial moderation of German economic policies.

British House of Commons upholds policy with respect to Bilbao situation by 345 to 130 after stormy debate.

APRIL 15—In most peaceful meeting yet held, Dino Grandi, Italian delegate, tells London Non-Intervention Committee that Italy will consider withdrawal of "volunteers" fighting on both sides in Spain.

APRIL 16—Paul van Zeeland, American-educated Premier of Belgium, to visit United States to discuss trade improvements with President Roosevelt and Secretary Hull.

Sir Samuel Hoare, First Lord of British Admiralty, appeals to Japan to limit warships.

Naval patrols off Spain not to stop American vessels, Non-Intervention Committee decides, in belief that United States neutrality embargoes will prevent shipments to combatants.

APRIL 18—Sixty British, French, Italian, and German warships to start patrolling Spanish coasts, and 500 observers to be stationed on territorial borders on April 19 at midnight.

French Foreign Minister Delbos asserts that

- France will support plans for economic peace.
- APRIL 19—Hitler assures George Lansbury, English labor leader, that Germany is willing to participate in an arms and trade conference. Loyalist Government opposes control scheme and challenges good faith of Italy and Germany.
- APRIL 20—Little likelihood seen of change in German policy despite Hitler's assurances to George Lansbury.
- APRIL 22—In Venice conference, Mussolini refuses to support restoration of monarchy in Austria or to give armed aid against Germany. Conference of Swedish, Danish, Norwegian, and Finnish ends, having recommended strengthening of League of Nations, control of sales of arms to larger nations, and objects of Oslo conference.
- Premier Stanley Baldwin announces that Britain will participate in world conference if success is assured.
- APRIL 23—Venice conference communique admits Germany to equal footing with signatories of Rome protocols, expressing opinion that no settlement of Central European problem possible without her active participation.
- German delegation negotiates in Bucharest for acquisition of 10,000,000 marks worth of Roumanian oil and grain.
- Protected by British Navy outside three-mile

- limit, three British foodships run Franco's blockade and reach Bilbao.
- APRIL 26—Col. General Hermann Goering discusses Spanish situation, Austria, and economic independence with Italian Foreign Minister Count Ciano in Rome.
- APRIL 29—Belgian financial expert visits Berlin and discusses commercial agreement with Dr. Schacht.
- APRIL 30—Capitulations, the treaties under which foreigners enjoy special rights in Egypt, to be ended in 1949, as result of conference at Montreux.
- MAY 3—German Foreign Minister von Neurath arrives in Rome to increase German-Italian cooperation.
- Bank for International Settlements, in annual report, recommends lower price for gold.
- Great Britain inquires of General Franco whether he intends to raze Bilbao.
- MAY 4—In conferences at Rome, Italy and Germany plan four power mid-European bloc with Hungary and Austria; decide to give Franco one more chance in Spain.
- MAY 6—Austria to fall into German constellation, says *Giornale d'Italia*; Reich and Italy insist upon autarchy plans.
- Twenty-two nations sign world sugar pact.
- MAY 8—Mussolini breaks off journalistic relations with Great Britain.

FOREIGN

Canada

- APRIL 11—Five thousand strike sympathizers in Oshawa attack Premier Hepburn and vote confidence in Hugh Thompson, UAWA organizer, although announcing affiliation with Toronto and District Trades and Labor Congress.
- APRIL 12—Premier Hepburn issues statement offering eight concessions on part of General Motors of Canada if workers return to work without insisting upon recognition of UAWA, CIO affiliate.
- APRIL 13—Premier Hepburn swears in 200 special constables and asks Federal Government for additional mounted police to guard strike situation.
- APRIL 14—Attorney General Arthur Roebuck and Minister of Labor David Croll forced out of Hepburn Cabinet over strike issue.
- APRIL 15—UAWA agrees to settlement of General Motors of Canada strike on basis of local unions without recognition of CIO as an "international organization"; peace conference called.
- APRIL 17—General Motors strikers accept company proposal for resumption of peace negotiations without international representatives of UAWA or CIO.
- APRIL 18—Slowdown strike affecting 110,000 workers in U. S. plants threatened if General Motors of Canada refused to recognize Canadian local of UAWA.
- As a result of strike, half of Montreal's 100 dress manufacturers, International Ladies Garment Workers Union, CIO affiliate, as sole

bargaining agency, but Catholic Church in Quebec denounces international unionism as communistic.

- Nova Scotia Government recognizes collective bargaining in advanced bill.
- APRIL 19—Oshawa strikers reject peace terms which omit reference to recognition of Unions.
- APRIL 21—Premier Hepburn obtains preliminary agreement on peace conference between union and company officials, but CIO recognition excluded.
- APRIL 22—Negotiators reach agreement as to peace plan to be submitted to workers for vote.
- APRIL 26—By agreement with Federal Government, British Columbia acquires Yukon Territory, becoming nation's second largest province in area.

China

- APRIL 11—Japan blocked in North China as General Sing Cheh-yuan, head of Hopei-Chahar Political Council, becomes more friendly with Nanking; uncertain situation discourages private Japanese investors; airline linking North China and Manchukuo only Japanese project launched.
- APRIL 17—With southward extension of Nanking's influence, British investments boom in South China.
- APRIL 18—Secret agreement revealed for formation of new national defense council; inclusion of Pai Chung-hsi, Kwangsi leader, signifies consolidation of Nanking's control as well as its determination to resist Japan.

APRIL 20—Great Britain plans expenditure of \$120,000,000 over five years in making Hong-kong second only to Singapore to offset Japanese base at Formosa.

France

APRIL 11—Split predicted at Socialist conference on April 18 between Marxists who would join Communists and follow revolutionary policy and those who would retain alliance with Radical-Socialists.

APRIL 17—Splits in Socialist ranks may lead to "purge." Four sects at odds as Premier Blum prepared to defend policies before National Council of Socialist Party.

APRIL 19—After stormy debate in National Council of Socialist Party, M. Blum's policies upheld when resolution calling for dissolution of "Left Revolutionary" sect passed by 4573 to 25.

APRIL 21—Owing to opening of Paris Exposition, Socialist Party postpones until July 10 congress at which tension between Right and Left is to be discussed.

APRIL 27—By delaying interpolations concerning the Government's policies, Premier Blum relaxes political tension and prolongs tenure of office; "breathing spell" for business to be continued.

APRIL 28—Government proposes to take control of debt-burdened railroads; all lines to be merged into a single company with state holding 8 per cent of stock.

Germany

APRIL 11—Police close several Jewish sports clubs and Jewish school for emigrants; restlessness and anti-Hitler propaganda held responsible.

APRIL 13—Government protests against papal encyclical of March 21 charging breach of concordat of 1933, declaring that Reich will not tolerate any interference in its internal life.

APRIL 20—Military display marks Chancellor Hitler's 48th birthday.

APRIL 24—One thousand Protestants defy police to hold protest meeting in Darmstadt.

APRIL 25—Huge fair planned for Duesseldorf to rival Paris exposition.

APRIL 27—Membership of National Socialist Party to be raised from 3,500,000 to 6,000,000.

APRIL 28—Catholic priest sentenced for "preparation for high treason."

APRIL 29—One thousand monks to be tried on charges of immorality in war against Catholics.

MAY 1—In May Day speech, Hitler defies political opposition of churches.

Great Britain

APRIL 13—Neville Chamberlain declares in favor of maintenance of currency status quo; asserts that he is leaving way open for trade treaty with United States when circumstances more favorable—i.e. after Imperial Conference.

APRIL 20—In severest budget since 1931, Neville Chamberlain, Chancellor of the Exchequer,

announces growth-of-profits tax up to 33½ per cent and raises basic rate of income tax to 25 per cent.

APRIL 21—New taxes, aimed at rearmament and coronation profiteers, accepted by industry as "national defense contributions."

APRIL 24—Forty-five thousand London busmen threaten strike unless demand for 7½-hour day is accepted.

APRIL 25—Chancellor of the Exchequer announces £100,000,000 loan, first instalment of £400,000,000 the Government is authorized to borrow to cover rearmament.

APRIL 30—"Coronation bus strike" starts at midnight; 25,000 busmen out; national coal strike voted for May 21.

Ireland

APRIL 30—President Eamon de Valera announces new constitution; Irish Free State becomes "Eire" republic; legislative structure altered; no reference to King George VI or British Commonwealth of Nations.

Japan

APRIL 17—Election campaign devoid of vital issues.

APRIL 30—Labor gains expected in general election as polls open.

MAY 1—Early returns show sweeping victory for Minseito and Seiyukai parties and defeat for cabinet; cabinet announces that it will retain power, despite adverse vote.

MAY 3—Army-supported Hayashi cabinet faces critical decision following overwhelming electoral defeat. Proletarian groups double strength in House.

MAY 12—Premier Hayashi decides to remain in office.

Roumania

APRIL 15—Prince Nicholas refuses to leave country at dictation of his brother, King Carol, for refusal to renounce marriage to a commoner; Iron Guard supports him.

APRIL 16—Government considers taking definite action against Iron Guard for its stand in favor of Prince Nicholas.

APRIL 18—In letter to Premier Tatarescu, former Prince Nicholas denies any connection with the Iron Guard; Bucharest municipal elections bring victory for governmental Liberal party.

Russia

APRIL 21—Alien experts ordered watched in order to check sabotage.

APRIL 25—Officials of large factories charged with bribery and private manufacturing; anti-graft campaign launched.

APRIL 29—Consumer prices to be reduced on June 1 and July 1, to coincide with rise in wages.

MAY 1—May Day parade demonstrates armed power of Soviet.

MAY 2—Easter religious services attended by 50,000 in Moscow.

This Month's

CURRENT HISTORY

Both Great Britain and the United States have weighty budgetary problems; there the resemblance ends. The former is meeting the expenses of a war that is yet to come, the latter has to pay for fighting a depression that promises to pass. The former has decisively made the taxpayer foot the bill; the latter has left most of the burden to posterity and is not sure what to do next. The American problem deservedly continues in the headlines and is surveyed by the editors in *Paying Off the New Deal*.

In Spain, the British are losing prestige, the rebels are losing confidence, and the loyalists are losing in the Basque provinces. In a striking sequel to *Foreign Aims in Spain*, which was published in the March issue, **Lawrence A. Fernsworth** examines the situation, particularly with respect to what the Germans and Italians are likely to do. For instance, will they use the poison gas which has been imported but not yet used? The author of *Spain Balks the Fascists* is the American-born Spanish correspondent of the London and New York *Times*.

The politicians, the experts, and the professors have all had their say about the President's proposals for revising the Supreme Court. Everyone has been heard and read—at length—save the person whose opinion is the one which ultimately counts—the famous "man in the street." His opinions have been chronicled by **Richard L. Neuberger** in *America Talks Court* who has sounded out a variety of individuals ranging from nurses to truckdrivers. Mr. Neuberger, a former contributor to *Current History*, is a feature writer for *The Oregonian* (Portland).

Japanese statesmen have been surprising the world by the temperance of their recent attitude towards China. One reason for the sudden change from their previous blood-and-thunder point of view has been the emergence of *China's United Front*, described in this issue by **Frederick V. Field**, a member of *Current History's* editorial advisory board, and secretary of the Institute of Pacific Relations.

On June 1, the French Popular Front celebrates the conclusion of one year in office—a record-breaking tenure for a French government. *New Deal: French Style* pays tribute to M. Blum's first birthday as France's Premier. **Norton Webb**, the author, spent 12 years in Europe after the War, serving as deputy Paris correspondent for *The Manchester Guardian* and as special correspondent for *The Scotsman* (Edinburgh).

The Scandinavian countries have generally escaped attention as potential war zones, but lately they have been disturbed by mysterious nocturnal

air maneuvers, carried out by the Germans and Russians. **Joachim Joesten**, a special correspondent for *Le Temps* (Paris), *Journal de Genève*, and other European dailies, contributes a fascinating account of these developments in *North Europe's War Rehearsal?*

There has been much talk of a Pan-American neutral entente and the disappearance of the Monroe Doctrine. *Monroe Doctrine: 1937 Edition* puts all of this in a new perspective and sheds a brilliantly revealing light upon the Buenos Aires conference and America's newly formed neutrality policy. The author, **Genaro Arbaiza**, is a distinguished South American journalist, was a correspondent for the old *World*, and is now writing a book on the relations between North and South America.

Palace intrigue, romance, the notorious Iron Guard, and the well-known fascist-communist struggle fill the Roumanian political scene. In *Behind Roumania's Crisis*, **Charles Hodges**, a former contributor to this magazine and professor of politics at New York University, who recently visited Roumania, describes the contending forces.

Behind the more publicized aspects of rearmament, there is a quiet but equally important struggle for fuel to feed tanks and other war machines. **William Gilman**, as a journalist with foreign experience and a former United States Army chemist, describes it in *Mobilizing with Gasoline*.

Roll-Call on Treaties provides a condensed guide to the foreign policies of all the important nations as reflected in the obligations which they have undertaken. The extensive research necessary was undertaken by **Vance O. Packard**, a student at the Columbia University Graduate School of Journalism.

Ireland spilt some cold water on the British Coronation by announcing a new constitution, but a more fundamental source of conflict between the two nations has been over trade. **Willis B. Merriam**, of the geography department of the University of Washington, analyses *Ireland's Trade War*.

Your Funds and Mine, a subject of personal and public importance, comes from the pen of **Joseph E. Goodbar**, president of the Society for Stability in Money and Banking and author of *Managing the People's Money* (Yale University Press).

In *India is the Peasant*, **F. M. de Mello** describes the forces underlying all the present constitutional upheavals. Mr. de Mello is a native of India and the author of *Problems of Rural Reconstruction in India* (Oxford University Press).

T R A V E L

Where History Is in the Making

TWO scientists booked for legendary trails, seeking to prove or disprove the established theory of the origin of Polynesians, recently sailed from the Territory of Hawaii in that ancient native craft, the double canoe. Consisting of Captain Eric de Bisschop and Joseph Tatibouet and working under the auspices of the Geographic Society of France, the expedition originally reached Hawaii two years ago in search of scientific information on the history of Polynesian migration.

Such events are startling, even in an area where the extraordinary is the usual thing. For the people of Hawaii have not yet universally accustomed themselves to the advancement of their isles. They recall that less than a long life-time ago grass huts were still common and the only transportation was that afforded by ships whose sails heeled to the Trade Winds.

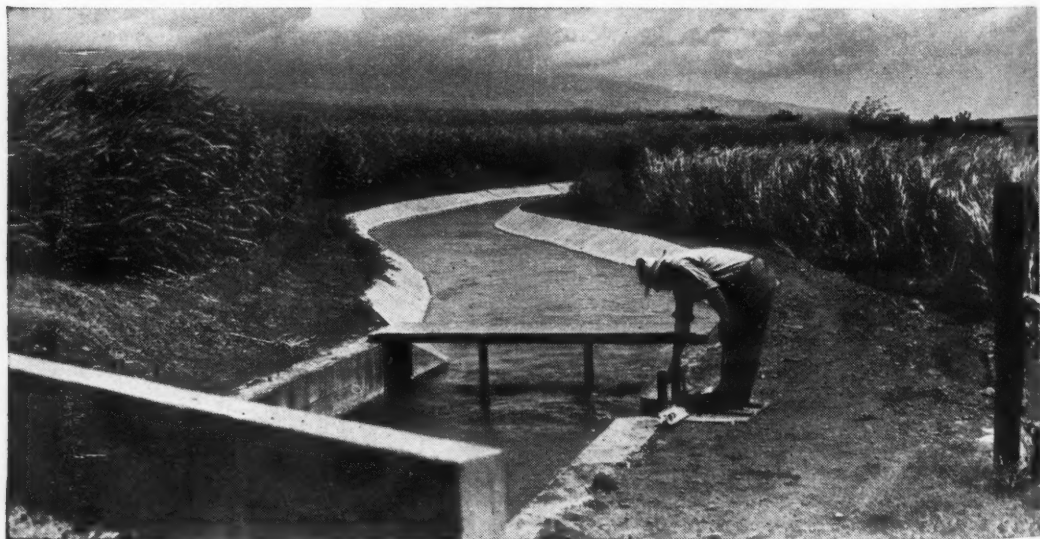
Few sections of all the American nation rank with the Pacific Territory in dramatic history; few rank in accomplishment.

Born of fire that thrust the mountain peaks above the blue waters in some distant age, Hawaii was unknown to civilization until the voyages of Captain Cook during the revolutionary war period. Its islands, stretching northwest to south-

east across the middle of the Pacific, were populated only by dark-skinned Island folk who had drifted northward following the stars a thousand years before. Cook, though killed by the natives, had found them a friendly people. His death, however, was the fault of his own men and not the natives. His bones were revered and his memory carried through the years. The place of his death is honored by two nations—England who owns the land immediately about it, and America, who granted that plot to the country which gave him birth.

No visit to the Territory can be complete without some knowledge of Hawaii's background. To journey by express liner to Honolulu, and take the accustomed routes about Hawaii and then return, is not to know her. One gains a glimpse of the tapestry of her existence from the relics of her museum, but it is beyond that—beyond the recorded facts of history—that the secret of her allure is found.

Legends say this land was the chance find of thirst-crazed native warriors seeking some new homeland. Through the centuries they had been driven from Indo-China steadily eastward. At Raiatea in the Societies, which they called Hawaiki, some turned northward. Unknown weeks



SCIENCE IN HAWAII: Economic conservation, exemplified by the irrigation ditch through the canefield on the Island of Maui, is in evidence throughout the Hawaiian Islands.

later, some of these found Hawaii, and successfully returned those thousands of miles time after time, until they and their families were established.

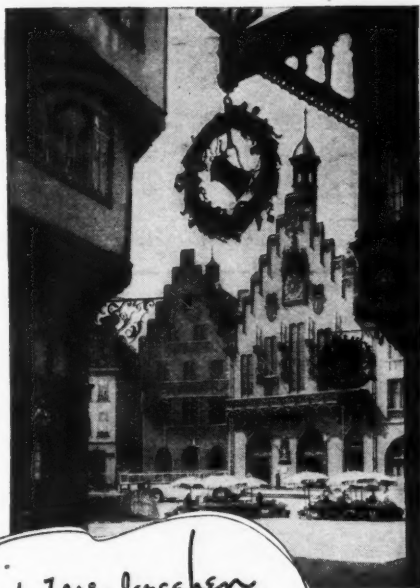
Today in the Islands one still sees relics of those older days as he goes "behind the scenes" into the trails and by-ways. Near Makapuu is an ancient roadway, paved with lava stone, built by some unknown king to speed communication. Beyond the Pali lie the crumbling ruins of a forgotten town, once evidently populous, but whose whole history is now forever buried in the past. On the Kona Coast are the walls of pagan temples, and the well-preserved outline of an ancient City of Refuge whose customs strangely paralleled those of Biblical times.

But those things are chiefly memories today, memories that add to the brightness of a colorful land. They are the foundation of her heritage, whose structure builds upward through the tribal wars that brought Kamehameha, the Great King, to the throne and gave Hawaii the chance for greatness of which she later availed herself.

It was at this era that Cook found them; and just at the close of the kingship of the Great One the missionaries came. And the missionaries, despite all that has been said of such workers in other fields, were the making of Hawaii. For with their spiritual efforts they combined temporal education and introductions into the science of agriculture. Their school at Punahou, still active, was the seat for California's learning in the troublous '40s and '50s. Their farm plantings and instruction in economic conservation were so instrumental in preserving the national integrity of the kingdom that some of these Ambassadors of the Almighty drew favored seats in the royal council chamber.

Island industry saw its actual start just over one hundred years ago. The long miles of sugar cane whose silvered tassels now greet the traveler to Hawaii are the outgrowth of one small plantation started by Ladd and Co. a century back. But it was union with the American nation that really gave life to the work. Following annexation in 1898, sugar production was increased in swift leaps from its 10-ton annual start to the current 1,000,000-ton yield, a yield that places the Territory as the most important of American cane sugar areas, supplying sufficient sweets to meet the needs of 20,000,000 people.

But all that is "off-stage" to the average visitor. Dancing to the music of the Royal Hawaiian orchestra at Waikiki gives no indication of the industrial activity behind the scenes; even standing at the Pali's brink one sees only the colorful pattern of fields and cliffs and distant seas so har-



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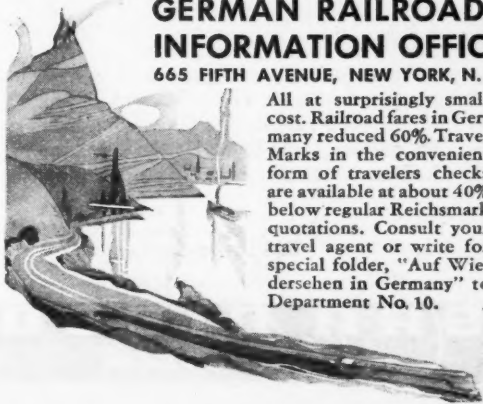
FESTIVAL YEAR IN GERMANY

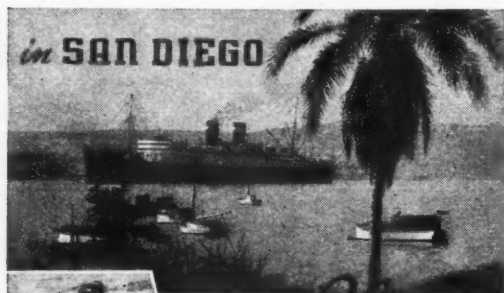
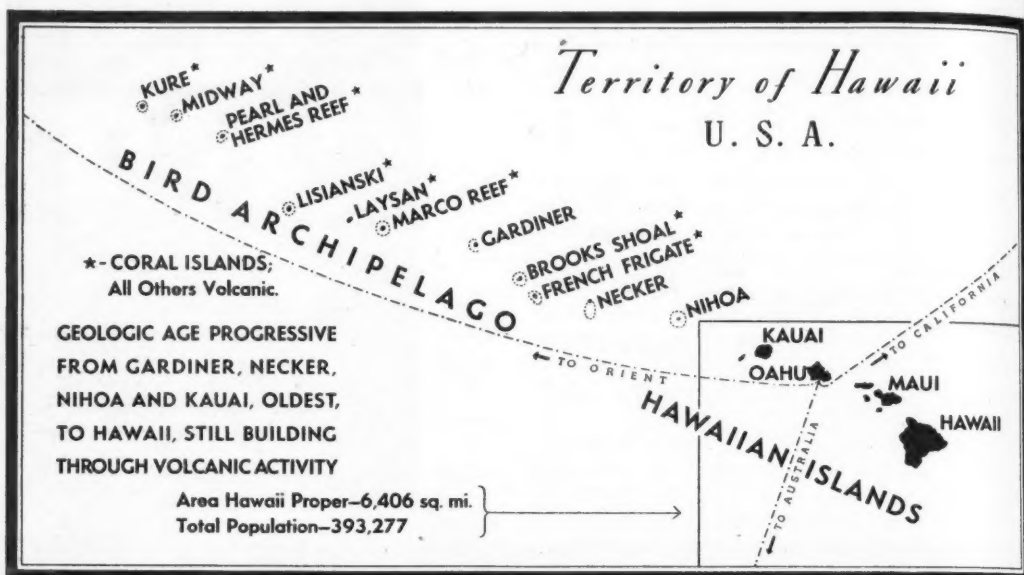
with a magnificent program of music, opera, theatre and picturesque folk festivals, such as the Wagner Festivals at Bayreuth; Berlin Art Weeks; the Great German Art Exposition and the Wagner-Mozart-Strauss Festivals at Munich; the Exposition "Nation at Work" at Duesseldorf; Heidelberg Dramatic Festivals.

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monized as not to intrude the jarring note of business on an idyllic land. It is as efficiently camouflaged as is the national militarization of the place. And *that* nears perfection!

No other section of America is said to rank with Hawaii in its effective fortification. The Islands have been called the "front line" of western defenses. The statement is inaccurate. The front lines are far beyond Hawaii; Hawaii is today—in effect—the California shore projected 2,000 miles into the Pacific, and the "front lines" of defense are a thousand miles beyond!

Aviation has made that possible, a science that proved its adaptability in Pacific waters by commercial operation that started seven years ago. The Inter-Island Airways, Ltd., built fields and proved the feasibility of overwater flights between the scattered islands by a no-accident-to-passengers-or-crew record that is still maintained. Their fields were augmented by those of the army and navy until at the present time no island is beyond reach of armed protection.

The Territory of Hawaii is perhaps more adequately protected than any other section of the nation. Oahu Island forts can drop monster projectiles up to twenty miles at sea. In Pearl Harbor submarines and ships of war are constantly based. And over the Island scouting and bombing planes maintain their training for any emergency that may arise.

Recent news clippings have recounted the shipment to the Islands of new long range flying equipment. Midway Island, Pan American base 1400 miles northwest of Honolulu, is naval terri-

tory, suitable for planes. Johnston, 839 southwest, and Howland, 1920 in the same direction, have or can be equipped with fields. Jarvis, 1500 miles south, is similarly available. And beyond Howland and Jarvis, 2600 miles from Honolulu in two jumps, are Swain's Island and American Samoa, from which another take-off could be made in time of necessity.

The results are transmutation of the Territory into an American base of major importance, and the extension of the front lines of national protection as far beyond Hawaii as Hawaii is from California!

But such things the traveler does not visualize. He—one of the 40,000 each year—is greeted only with the colorful pageantry prepared by nature and a travel-conscious people. He disembarks in Honolulu Harbor to the haunting strains of "Aloha Oe," is decked with flower leis, and whisked along parked boulevards to Waikiki for a dip in the famous waters. He finds himself more frequently than not adopting the Island custom of "missing boats," lingering on and on among, as Mark Twain characterized them, "the fairest fleet of islands that lies anchored in any ocean."

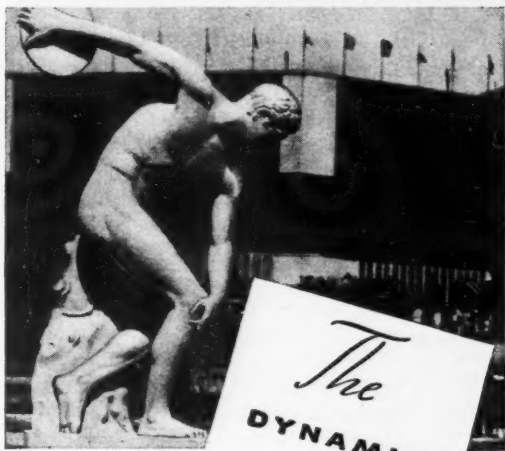
Eight inhabited Islands comprise the major group. Four of these are generally the goals of visitors. Their names ring melodiously from the lips of those who know their pronunciations: Oahu (Oh-ah'-hoo); Hawaii (Hah-vy'-ee); Maui (Mah-oo'-ee); and Kauai (Kah-oo-ah'-ee). The last two are commonly slurred to "Mow'-ee" and "Cow-aye'-ee," for few malininis or strangers can adequately inflect the pure tones of the Polynesian tongue.

These islands, all similar in their lush beauty, are yet so uniquely different that, not weeks, but years can be spent upon them without exhausting their appeal.

Oahu is the show place. With Honolulu Harbor and the city, it combines Waikiki Beach and the great hotels, the startling panorama from the Pali, the intriguing offerings of Chinatown, the relics of the Bishop Museum, Punahou's long hedge of the night blooming cereus, and entrancing highways that wind through the long miles of sugar and pineapple fields. Immediately at hand at Waikiki are native villages, rebuilt to portray the life of earlier days; and within convenient reach the historically important Palace, Kawaihao coral church, and early missionary homes.

Hawaii Island is the next in importance to the visitor in the Territory. For there, out from Hilo City, is the Hawaii National Park that encompasses the great volcanos of Kilauea and Mokuaweoweo, and a strange world torn by jagged lava pushed out in past activity. Southward and west-

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ward the Puna and Kona areas, where civilization has touched lightly, and the friendliness of the natives is unmarred by the suspicion of commercialism. And northward, along the east coast, Hamakua, one of the most glorious of all shorelines, where countless waterfalls constantly lace the verdant cliffs with their silver, and the lifting fields are overshadowed by the snowy peak of Mauna Kea, highest of Pacific peaks.

Third island in popularity is Maui, midway from Hilo to Honolulu. It differs from Hawaii chiefly in the absence of active craters, but holds on its western lobe the towering mass of Haleakala, largest dormant volcanic pit in all the world, lifting 10,000 feet in vast sweeps. Within its rim the whole of Manhattan could be dropped with room to spare; within its abyss are cinder cones lifting a thousand feet, but dwarfed by the majestic depths.

Kauai is least known of all. Its colloquial name is the "Garden Isle," granted it for its splendor of canyons and valleys and secluded beaches. Though planes and island steamers touch it, it is "off the beaten track," and on Kauai the stranger finds Hawaii as it was decades back.

These four are the travel isles. Four more are given to agriculture, ranching, or industry and in one case, a special colony. The ninth, Kahoolawe, is essentially uninhabited. These comprise Hawaii as it has generally been known, but are only a part of the Hawaii destined for future knowledge.

For northwestward from the larger units stretch the isles of the Bird Archipelago. Primarily coral, a few of disintegrating lava, they have always been the "forgotten cousins" of Hawaii proper. Scientists occasionally visited them, guano workers paused briefly on some, and on Midway a cable relay station was set up.

There were the stories of ancient ruins from some forgotten era crumbling on the terraces of Necker. There were the history books' accounts of wrecks at Pearl-and-Hermes Reef. And there were the stark outlines of Nihoa and the low white rim of Kure that ships inbound from the Orient skirted widely.

The Bird Islands were a treasure land for hardy scientists seeking strange fish and sea shells. For with the whole sweep of the Pacific about them, and untouched from year's end to year's end by human foot, they had developed into a natural sanctuary.

The reach of the Territory of Hawaii, in linear expanse, covers a greater distance than from Canada to Mexico. Angling 1600 miles across the heart of the Pacific, it is today no longer the frontier but rather the base of operations upon

which tomorrow's industrial and national developments of the entire Pacific area will probably center.

The lodestone for thousands seeking adventure or romance, it will continue to hold that allure, for no amount of science or fortification or civilization can ever offset the eloquent music of her palms and limpid seas; no ringing of transpacific telephones nor throb of airplane motors can dim her heritage, no rustling of ticker tape can destroy the meaning of her salutation—"Aloha"—to the stranger on her shores.

HERE AND THERE

ELEPHANT mail is being used to send a message from the Maharaja Bhup Bahadur of Cooch Behar to his highness, the Gaekwar of Baroda—a distance of more than a thousand miles. The State elephant carrying the message will trudge the 300-mile journey to Calcutta, from which Jumbo will travel by ship to Bombay. The rest of the route will be taken the hard way.

The opening of the new Moscow-Volga canal will complete the second link in the huge Soviet waterway system. The canal proper is 80 miles long and has five locks, raising the waters of the Volga 270 feet to the level of the Moscow River. North of Moscow the huge "Moscow Sea" acts as a key to the control of the Volga water.

Visitors to Ceylon this year will be able to see an elaborate festival. Kandy will be converted into a brilliantly-lighted city with the pageant of the "Sacred Tooth of Buddha." The sacred tooth is said to have been taken from the flames of Buddha's funeral pyre, and is held in reverence by one-third of the world's total population. The tooth is paraded around the streets and then taken back to the Temple.

The "Temple of the Winds" may be called the oldest meteorological observatory in the world. It is a small octagonal building of marble and was erected about 100 B.C. Built in such a way as to face in the direction of the winds, each of the eight sides of the temple has descriptive figures representing the character of a particular wind. The north wind is represented as a warmly-clad man clothed in furs, blowing fiercely on a trumpet; the east wind is pictured by a young

man with flowing hair; the west wind by the figure of a lightly-dressed youth with a lap full of flowers.

Londonderry, port of Ulster, Ireland, known to the historian as the ill-fated city of "Battles and Sieges" is becoming a tourist center. The ancient city, long an attraction to students, is rapidly assuming a new status as a favored place on the lists of American travelers. The awakening of

Londonderry to its tourist possibilities started only a few years ago when the townspeople formed a tourist organization to accommodate the increasingly large number of visitors.

One of the most intriguing and mysterious customs that fascinate the visitor to Albania is disappearing from the streets of the towns and cities. Under a new edict, women are forbidden to conceal their faces in veils.



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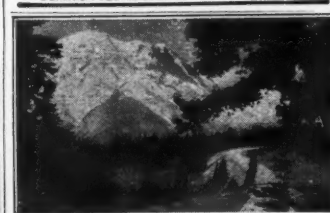
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The World in Books

(Continued from page 9)

even from those whom he hurt in passing. But his talent for making friends among superficial and unimportant people persisted and grew. It might be forgotten now if it were not the spring of a river which finally engulfed him."

Yet on the whole the biography is warmly sympathetic. Without indulging in adhesive sentimentalities, Mr. Bolitho has managed to convey the poignancy of the drama that is the life of David Windsor. There is the strong feeling that, despite Edward's choice of family fireside instead of the cold, grey lights of Buckingham Palace, English history will treat him kindly.

Commentary by Dennis

Coronation Commentary is similar to *Edward VIII* in that Geoffrey Dennis, too, had completed his book before the Crisis of the Crown was precipitated. Like Mr. Bolitho, he decided to make only minor changes and additions to the work, preferring to publish the book "in the spirit" of Edward's reign. And libel suits notwithstanding, Mr. Dennis' candid commentary is not uncomplimentary to Edward, whom he calls the "most successful Prince of Wales in history." The much-publicized libel suit is directed at one sentence and not the entire book.

It is true that Mr. Dennis has a novelist's flair for dramatic writing, but it is hard to see that he has abused this trait. His facile pen has been used to vivify rather than to create, and it is unfortunate that the popular impression seems to be that the book is of the variety that has barely escaped the censor. As a matter of fact, Dennis has contributed a history of the Crown during the last hundred years which has more than a passing value. He has traced the ebb and flow of public sentiment toward the reigning monarchs and has reviewed the periodic arguments for and against a republic.

The Middle Road

William Henry Chamberlin's *Collectivism* is a militant defense of democracy and a sharp indictment of dictatorship—either in fascist or communist form. The distinguished Far Eastern newspaper correspondent disagrees with Strachey's statement that the world is confronted with two alternatives: communism and barbarism, the last of which Strachey regards as identical with fascism.

But a choice between communism and fascism is no choice at all, Mr. Chamberlin contends, since everything barbarous that is associated with

fascism can be duplicated under communism. As a case in point, he cites the recent mass executions in the Soviet, the control of the press, and regimentation of art and culture.

The alternative, he believes, to communism is not barbarism or fascism but liberty. For it is Mr. Chamberlin's contention that while there may be a theoretical difference between fascism and communism, all other differences shrink in practice. Thus, the international aspects of communism seem to have been appropriated by Italy and Germany, which have had greater success than Russia in gaining a foothold in other countries. And both Germany and Italy have given more help, both in men and materials, to the Spanish rebels, according to reports, than Russia to the loyalists.

It is the individual—his freedom of thought, expression, action—with which Mr. Chamberlin is most concerned and he can see no hope for cultural progress under any form of collectivism.

Correspondents' Congeries

There is little in *Collectivism* to cheer supporters of the Soviet for Mr. Chamberlin is unsparing in his criticism of communism in action. Yet he admits in *We Cover the World* to which he is one of fifteen newspaper contributors, that he was once a "left-wing intellectual"; but 12 years in Russia stripped him of any illusions about the Soviet and made him "a thoroughly unrepentant liberal and a democrat for life."

Mr. Chamberlin's chapter, called "My Russian Education," is only one of a number of sparkling contributions to *We Cover the World*, a volume containing highlights in the careers of some of the world's most famous foreign correspondents. Edited by Eugene Lyons, who contributes an introduction and a chapter on his "Persian Interlude," the book is a well-rounded and vividly-written congeries of yarns.

Negley Farson, of *The Way of a Transgressor* fame has selected some choice anecdotes of his stay in India for inclusion in the volume. Webb Miller, who continues to search for peace in the middle of wars and volcanoes, writes on "The Little World War in Spain." And George Seldes, who has spent 20 years in interviewing important people and covering important stories, contributes a chapter on "Nations in Straitjackets."

"Red" Tape vs. Achievement

Censorship and red tape were of extreme annoyance to Mr. Chamberlin in getting his news through, it is apparent in his chapter in *We Cover the World*. Whether this contributed to his disillusionment of the Soviet, manifest

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The Philippines—William Henry Chamberlin views a grave American problem.

The C. I. O. in Canada—its prospects analysed by Frank H. Underhill.

F. D. R., Canada's Santa Claus—a new view of the President, by J. H. Gray.

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both in *We Cover the World* and *Collectivism*, is difficult to say. Yet Albert Rhys Williams, who lived in Russia for ten years and was able to observe inefficiency, bureaucracy, and censorship at first hand, is not disposed to lessen the achievements of the U.S.S.R. In *The Soviets*, Mr. Williams prefaces his book with the remark that "in contrast to the sad failures and defects of the Revolution stands a long list of its accomplishments in all spheres of human endeavor."

Among the items on the credit side of the Soviet ledger, Rhys Williams says, are the rapid transformation into a prominent industrial nation of a backward, poverty-stricken nation, elimination of the extremes of the economic cycle by striking a balance between production and consumption; and the merging of 25,000,000 tiny peasant holdings into 250,000 big scale farms, equipped with modern machinery and power.

From this introduction, Mr. Williams goes on to answer exactly 88 questions most commonly asked about the Soviet. A brief chapter is devoted to each question, and there is little in the economic, social, and political life of Russia that is not competently covered. What, for example, are the effects of the Soviet policy upon the culture and languages of the 189 different peoples in the U.S.S.R.? What is the significance of the Soviet solution to the problem of race and nationality? Who makes the Five-year plans? What is the attitude of the government toward sex, marriage, divorce? These are only a few of the questions discussed by Mr. Williams.

Authoritative and easily adapted for ready-reference, *The Soviets* is a handbook on Russia of the first importance. But it is not a handbook in the almanac or catalogue sense; Mr. Williams' work is well written and his topics are carefully selected and arranged so that the thread of continuity is almost unbroken—an impressive accomplishment considering the seemingly restrictive question-answer form chosen by the author.

Current Non-Fiction

The following brief reviews comprise a reminder list of important non-fiction books on the spring and summer publishing lists.

*Denotes books already reviewed in Current History.

†Denotes books to be reviewed in forthcoming issue.

**The Woodrow Wilsons*, by Eleanor Wilson McAdoo, Macmillan, \$3.50.

Recollections of her parents and family life

in the White House by the daughter of America's Great Idealist. With charm and great ease, Mrs. McAdoo paints a warm and human portrait of the personalities that were Mr. and Mrs. Wilson. She writes, too, of the simple but genuine life on a New Jersey college campus; the more restrictive life of a Governor's family; and finally, life at the White House.

◆
The Development Of China, by Kenneth Scott Latourette, Houghton Mifflin Co., \$3.00.

However one may feel about the Chinese, it must be remembered that in sum they represent one-fourth the human race and swarm over one of the most fertile sections of the globe. They were a great people, and as Mr. Latourette points out their chance for future greatness has seldom been better than today. Perhaps Japan has done them a service. Jolting them out of their complacency event at the point of a bayonet was a feat for which progressive Chinese should be deeply grateful. And Russia has helped. Communism seeping across the border has intensified agrarian unrest. Many readers will remember this book as of twenty years ago. It was an easy reading book then; it still is with the added advantage of offering new and pertinent material to the more recent Chinese pressure problems both internal and external.

◆
**Sugar: A Case Study of Government Control*, by John E. Dalton, Macmillan, \$3.00.

This timely study by the former head of the Sugar Section of the AAA explains and analyzes the role of the government in the control and regulation of industry, with particular reference to sugar. Exhaustive and authentic, the book will be read by all those interested in the attempts of the government to extend its sphere of influence over industry and in the industrial relations of the government with Puerto Rico, Cuba, the Philippines, and Hawaii.

◆
†*Social Security*, Maxwell S. Stewart, Norton, \$3.00.

In terms the layman can understand, Mr. Stewart offers a study of social security valuable to anyone interested in the new Federal legislation. He discusses it in terms of the present, and charts a tentative course into the future.

◆
**Talleyrand*, by Comte De Saint-Aulaire, Macmillan, \$3.50.

The distinguished French historian and diplomat has contributed a first-rate and human study of the statesman whom Macaulay once called an "obstinate fool."